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British Columbia

Ministry of
Finance

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Ministry of Finance

Honourable William N. Vander Zalm
Premier and Minister of Finance

Philip G. Halkett
Acting Deputy Minister

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MESSAGE FROM THE HONOURABLE WILLIAM N. VANDER ZALM PREMIER AND MINISTER OF FINANCE

It is my pleasure to release the forty-sixth edition of the British Columbia *Financial and Economic Review.*

The *Review* presents comprehensive and up-to-date information on the recent activities and finances of the provincial government and the Crown corporations, enterprises and agencies.

It is a valuable reference to provincial government programs and activities as well as a document of record on the economy and finances of the Province of British Columbia.

Bill vander Zalm

WILLIAM N. VANDER ZALM
Premier and Minister of Finance

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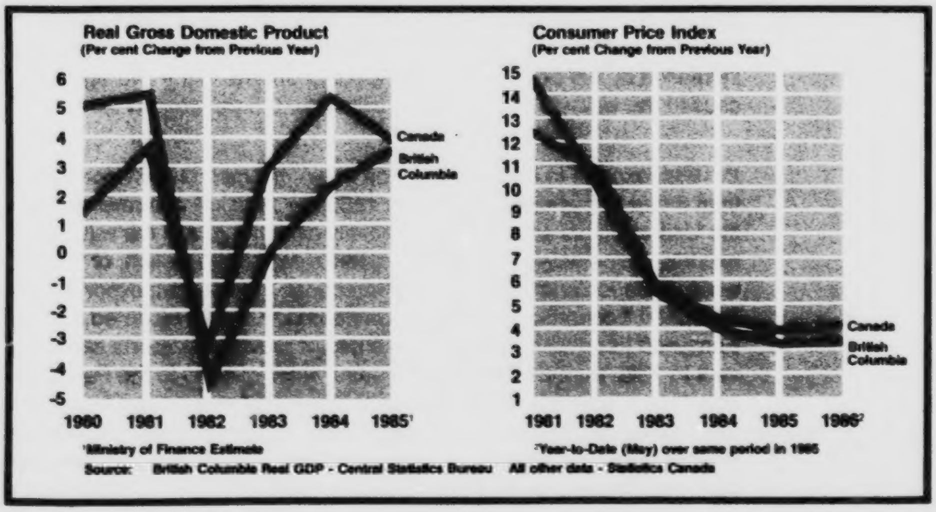
1. Economic Review

Overview

In 1985 the British Columbia economy experienced its strongest expansion since 1981, as growth became more broadly based during the year. The pulp and paper industry achieved a strong recovery following the 10-week work stoppage in 1984 and the wood products industry reached a record level of output for the second straight year. Retail and wholesale trade, commercial services and utilities also recorded strong growth. British Columbia's exports increased in both volume and value, although growth rates were lower than in 1984.

Real gross domestic product, the output of all goods and services produced in British Columbia, is estimated to have increased by 3.5 per cent in 1985, following growth of 2.3 per cent in 1984 (see Chart 1.1). In the United States real gross national product grew by only 2.7 per cent, while Canadian real gross domestic product grew by 4.0 per cent. The relatively rapid growth in the Canadian economy was due to strength in the consumer sector and a substantial positive balance in merchandise trade.

Chart 1.1 Principal Economic Indicators



Real Gross Domestic Product
(Per cent Change from Previous Year)

Consumer Price Index
(Per cent Change from Previous Year)

[1] Ministry of Finance Estimate

[2] Year-to-Date (May) over same period in 1985

Source: British Columbia Real GDP - Central Statistics Bureau All other data - Statistics Canada

After three years of decline, capital investment in British Columbia registered a slight increase of 0.9 per cent in 1985. Substantial increases in investment in paper and allied industries, the financial and commercial services sectors and by all levels of government more than offset substantial declines in capital spending in the mining, utilities and transportation sectors.

A number of economic indicators illustrate the improvement in the economy in 1985. Retail sales and housing starts increased by 10.0 per cent and 11.1 per cent respectively. Employment rose 2.2 per cent and manufacturing shipments rose by 7.7 per cent. For detailed statistical indicators of economic activity in the province see Appendix 1.

Although the long-term trend in the British Columbia economy is toward faster growth in the service sector, growth in the goods-producing sector outpaced service-sector growth in 1985. The Ministry of Finance estimates that output in the goods-producing sector grew by 4.5 per cent compared to growth of 3.2 per cent in the service sector. The main sources of growth were in the wood, pulp and paper, mining, construction and utility industries in the goods-producing sector and in retail trade and commercial services in the service sector.

The rate of inflation declined during 1985. The increase of 3.2 per cent in the Vancouver Consumer Price Index was the lowest rate recorded in the 15 years of existence of this index, down from the previous all-time low of 4.0 per cent in 1984.

Exports

Exports of products of British Columbia origin rose from $11.7 billion in 1984 to an estimated $12.3 billion in 1985, an increase of 5.6 per cent. This increase was achieved despite price declines in several of the province's leading commodity exports, including natural gas, coal, aluminum and pulp. Most of the growth in exports was accounted for by increases in newsprint, lumber, coal, gasoline, fuel oils, paper and electricity. The largest percentage gain was recorded in electricity exports, which more than doubled from $109.8 million to $258.1 million. The largest value increase was achieved by newsprint (up $190.5 million) followed closely by lumber (up $180.0 million). Although the volume of pulp exported increased by 9.3 per cent in 1985, a sharp decline in the average sale price caused the value to fall by $167.8 million, or 9.5 per cent.

In 1984, exports to countries outside of North America grew considerably faster than those to the United States. In 1985 the situation was reversed as exports to the United States accounted for virtually all of the rise in the value of total exports. Shipments to the United States rose $764.9 million, or 13.9 per cent, while those to Japan increased by a modest 1.6 per cent; exports to the European Economic Community, China and Australia recorded declines. The European Economic Community's share of provincial exports slipped to 10.3 per cent in 1985 from 21.0 per cent in 1980, while exports to the Pacific Rim countries accounted for 31.4 per cent of the total in 1985, up from 27.0 per cent in 1980. Among the fastest growing Pacific Rim markets for British Columbia products are South Korea, with 1985 imports from British Columbia up 8.2 per cent, and Taiwan, up 48.5 per cent from 1984.

Table 1.1

Exports of British Columbia Products to Major Countries

	Val	[redacted]	Change	Per Cen	[redacted]
	1984	[redacted]	1984–1985	1984	[redacted]
	($ mil	[redacted]	(per cent)		[redacted]
United States	5,483.6	[redacted]	13.9	47.0	[redacted]
Japan	2,914.8	[redacted]	1.6	25.0	[redacted]
United Kingdom	462.8	[redacted]	−12.3	4.0	[redacted]
Other European Economic Community	977.2	[redacted]	−11.3	8.4	[redacted]
China (PRC)	313.9	[redacted]	−9.7	2.7	[redacted]
Australia	209.7	[redacted]	−3.0	1.8	[redacted]
Other countries	1,297.0	[redacted]	3.6	11.1	[redacted]
Total	11,659.0	[redacted]	5.6	100.0	[redacted]

Consumer Expenditure

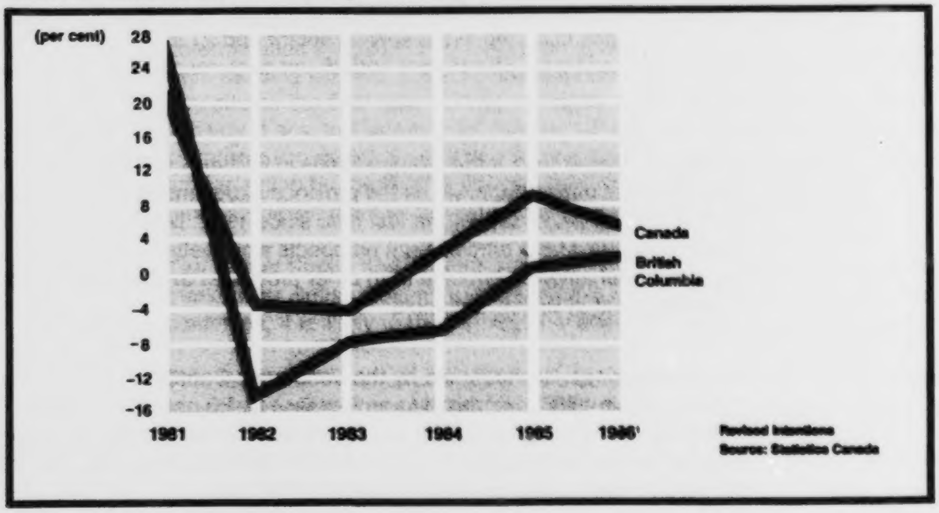
Retail sales in British Columbia increased 10.0 per cent in 1985, following growth of 6.1 per cent in 1984. Although wage settlements remained moderate, stronger employment growth and increased consumer confidence combined to raise consumer spending from the limited growth pattern of the previous three years.

Capital Investment

Capital investment is estimated to have increased by 0.9 per cent in 1985 following three years of substantial decline (see Chart 1.2). Total business capital expenditure declined 2.5 per cent in 1985, the fourth consecutive year of decline. While capital expenditure in the primary and construction industries declined by 18.7 per cent and in utilities by 16.7 per cent, capital expenditure in the trade, financial and commercial sectors and in manufacturing increased by 24.5 per cent and 2.1 per cent respectively. Residential investment is estimated to have increased 2.3 per cent in 1985, while investment by institutions and government departments increased 13.6 per cent.

Capital investment increased 8.9 per cent in Canada as a whole in 1985. This increase was mainly due to increases of 14.8 per cent and 8.4 per cent in housing and business investment respectively.

Chart 1.2 Annual Growth in Fixed Capital Investment

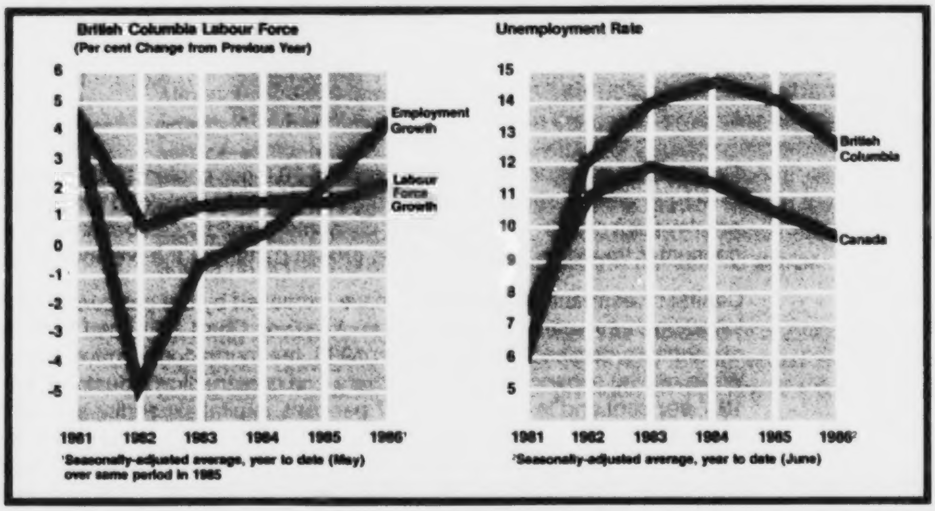


¹Revised Intentions
Source: Statistics Canada

Labour Force and Employment

Reflecting stronger growth in the economy, average employment increased by 2.2 per cent in 1985, equivalent to 26,000 jobs, compared to a 0.4 per cent increase in 1984. The labour force grew by 1.5 per cent, the same rate as in 1984. As a result, the average unemployment rate decreased to 14.2 per cent from the 14.7 per cent level recorded in 1984 (see Chart 1.3). The largest increases in employment were in the commercial services, primary and manufacturing industries.

Chart 1.3 Labour Market



[1] Seasonally-adjusted average, year to date (May) over same period in 1985

[2] Seasonally-adjusted average, year to date (June)

In 1985, there were 87 work stoppages in the province, up from 56 in 1984, resulting in the loss of 164,000 worker-days, a decrease of 80 per cent from 1984. The large number of worker-days lost in 1984 was due mostly to the 10-week dispute in the pulp and paper industry early in the year. During 1985, 60 work stoppages occurred in the service sector and 27 in the goods-producing sector, accounting for 75 per cent and 25 per cent, respectively, of the worker-days lost.

In 1985, the weak labour market conditions in British Columbia had an impact on interprovincial migration flows, as the province experienced a net outflow of people to other provinces for the first time since 1982. Most of the outflow was to central Canada where employment prospects were better. In 1983 and 1984, there were net inflows of people from other provinces despite high levels of unemployment in British Columbia.

Prices and Incomes

Consumer prices, as measured by the Vancouver Consumer Price Index, rose 3.2 per cent in 1985, compared to an increase of 4.0 per cent in 1984. British Columbia's inflation rate was below the national rate for the fourth consecutive year, as the increase in the Canadian Consumer Price Index declined from 4.4 per cent in 1984 to 4.0 per cent in 1985.

Personal income increased by 4.6 per cent in 1985, compared to a growth rate of 4.5 per cent in 1984. Although employment growth improved in 1985, wage settlements continued to be low, averaging 2.0 per cent, compared to 2.3 per cent in 1984. This continuing pattern of moderate wage settlements is helping to make British Columbia's production costs more competitive with those in other jurisdictions.

Current Situation

Recent developments provide evidence of continued improvement in economic activity in the first half of 1986. From January through June 1986, retail sales were 7.8 per cent higher than during the same period of 1985 and urban housing starts in the province were up by 26.3 per cent for the first six months of 1986. Manufacturing shipments were 11.6 per cent higher for the January to June period than for the same months of 1985 and lumber production increased 12.1 per cent in the first five months of the year.

Wage settlements in British Columbia in the second quarter of 1986 averaged 0.8 per cent, while the inflation rate averaged 3.2 per cent on an annual basis for the same period. Employment increased 4.5 per cent, or by 55,000, during the first seven months of 1986 compared to the same period in 1985. The seasonally-adjusted unemployment rate for July 1986 was 12.2 per cent compared to 13.9 per cent for July 1985.

Expo 86 has proven to be an extremely popular destination for tourists from all over North America as well as from many other parts of the world. Attendance surpassed the original estimate of 13.75 million visits on August 20, 1986 and Expo officials now estimate that total attendance for the fair will be approximately 20 million visits.

The threat of protectionist action in the United States against imports of Canadian forest products is a major concern to British Columbia's economic outlook. Earlier this year the United States Administration imposed a 35 per cent tariff on imports of red cedar shakes and shingles. The full effect of this tariff on the British Columbia economy is not yet known, but some of the 4,000 workers in the shakes and shingles industry have been laid off. In July 1986, in response to a petition from United States lumber producers, the International Trade Commission, a United States government agency, made a preliminary determination that exports of Canadian softwood lumber to the United States were causing injury to United States producers. Under established United States procedures the final determination of injury to United States producers and subsidy, if any, to Canadian producers, will be made by early 1987. Application of countervailing duties could follow from a positive determination of subsidy. Any further action by the United States to restrict British Columbia exports of forest products would have serious effects on the provincial economy.

The United States and Japanese economies, the two most important export markets for British Columbia, weakened in the first half of 1986. If this weakness continues, it is likely to have a negative effect on British Columbia exports.

The decline of world oil prices is also a concern for the province's short-term economic outlook because the immediate negative effects on the energy-producing sector are expected to outweigh the positive impact on energy consumers. However over the longer term, lower energy prices are expected to have a small positive effect on the provincial economy.

GOVERNMENT REORGANIZATION

Since the start of the 1985/86 fiscal year there have been two reorganizations of the government of British Columbia.

The first reorganization occurred on February 11, 1986.

- The Ministry of Post-Secondary Education was established to administer programs pertaining to universities and other post-secondary education programs previously administered by the Ministry of Universities, Science and Communications and the post-secondary education programs previously administered by the Ministry of Education.
- The Ministry of International Trade and Investment acquired responsibilities for administering the science and communication programs previously administered by the Ministry of Universities, Science and Communications. The name of the ministry was later changed to the Ministry of International Trade, Science and Investment.
- The Ministry of Universities, Science and Communications was disestablished.

The second reorganization occurred on August 14, 1986.

- The name of the Ministry of Industry and Small Business Development was changed to the Ministry of Economic Development. The ministry's responsibilities were unchanged.
- The name of the Ministry of Municipal Affairs was changed to the Ministry of Municipal Affairs and Transit. The ministry acquired responsibilities for transit services.
- The name of the Ministry of Human Resources was changed to the Ministry of Social Services and Housing. The ministry acquired responsibilities for the housing programs previously administered by the Ministry of Lands, Parks and Housing.
- The name of the Ministry of Forests was changed to the Ministry of Forests and Lands. The ministry acquired responsibility for the administration of Crown land and land development programs previously administered by the Ministry of Lands, Parks and Housing.
- The name of the Ministry of Environment was changed to the Ministry of Environment and Parks. The ministry acquired responsibilities for administering provincial parks which were previously administered by the Ministry of Lands, Parks and Housing.
- The name of the Ministry of Agriculture and Food was changed to the Ministry of Agriculture and Fisheries. The ministry acquired responsibilities relating to provincial government fisheries programs previously administered by the Ministry of Environment.
- The Ministry of Lands, Parks and Housing was disestablished.

The presentation of the 1986 edition of the Financial and Economic Review conforms to the structure of the government on a pre-reorganization basis, except where otherwise noted.

2. Provincial Finances

Summary

Provincial government revenue grew more rapidly than expenditure during the 1985/86 fiscal year. Revenue of $8,162.1 million was 4.8 per cent higher than the previous year, while expenditure of $9,099.1 million showed an increase of 3.6 per cent.

The 1985/86 deficit of $937.0 million was $56.9 million lower than in the previous year. The government's total direct financial requirements increased slightly to $889.5 million, as the lower requirement to meet the deficit was more than offset by a decline in net receipts from financing and working capital transactions. Financial requirements were met through $723.1 million in net direct borrowing for government purposes and a decrease in the government's cash and temporary investments of $166.4 million.

Table 2.1
Combined Funds Summary of Financial Transactions

	Budget 1985/86	[redacted]	Actual 1984/85
Financial Requirements			
Operating Transactions:			
Revenue	8,166.0	[redacted]	7,789.9
Expenditure	9,056.0	[redacted]	8,783.8
Surplus (Deficit)	(890.0)	[redacted]	(993.9)
Financing and Working Capital Transactions:			
Net Receipts from (Disbursements for) Financing Transactions	9.0	[redacted]	27.1
Net Receipts from (Disbursements for) Working Capital Transactions and Fiscal Agency Loans	68.0	[redacted]	84.2
Total Direct Financial Requirements	(813.0)	[redacted]	(882.6)
Financial Sources			
Net Direct Borrowing	1,660.6	[redacted]	1,957.8
Less: Funds reloaned to Crown corporations	860.6	[redacted]	1,078.0
Net Direct Borrowing for Government Purposes	800.0	[redacted]	879.8
Decrease in Cash and Temporary Investments	13.0	[redacted]	2.8
Total Direct Financial Sources	813.0	[redacted]	882.6

ACCOUNTING POLICIES

The financial information presented in this chapter has been extracted from the preliminary financial statements prepared by the Office of the Comptroller General (*see* Appendix 7). After the Auditor General has examined and issued her report on the full statements, they will be published as the Public Accounts of British Columbia in accordance with the provisions of the *Financial Administration Act*.

Government Accounting Policies

A full statement of the provincial government's accounting policies is contained in the Public Accounts. The most important features of the policies can be summarized as follows:

- The main reporting entity is the Consolidated Revenue Fund (Combined Funds), which combines the General Fund and Special Funds.
- All revenue and expenditure of the Consolidated Revenue Fund is recorded on an accrual basis of accounting, with certain limited exceptions.
- Assets are recorded on the government's balance sheet only to the extent that they represent financial claims by the government. Similarly, liabilities are recorded only if they represent financial claims against the government. Payments to acquire fixed assets are recorded as expenditure.

Government Accounts

The Consolidated Revenue Fund, which includes the General Fund and Special Funds, comprises all money over which the Legislature has the power of appropriation. The General Fund includes the principal operating accounts and Special Accounts of the provincial government. Special Accounts are statutory appropriations established by the Legislature to fund specific programs, which may extend over several fiscal years. Special Funds consist of certain earmarked revenues and money set aside in past years using General Fund surpluses and current revenue.

Transactions of the Consolidated Revenue Fund are classified as either operating or financing and working capital transactions. Operating transactions include direct expenditure on goods and services, transfer payments and grants, as well as revenue from taxation, royalties, fees and licences, contributions from government enterprises and payments from the federal government. The excess (shortfall) of revenue over expenditure represents the annual surplus (deficit) of the Consolidated Revenue Fund. Financing and working capital transactions represent either a source or use of funds. They do not cause a change in the annual surplus (deficit) but only a change in the composition of the provincial government's assets and liabilities.

Expenditures from Special Funds are authorized by the legislation which established them and do not require annual approval of the Legislature. General Fund operating expenditure must be included in the *Estimates* and authorized under the *Supply Act* with the exception of certain statutory items. Transfers between the General Fund and Special Funds are eliminated in the combined funds tables.

The net equity (net deficiency) of the provincial government is the difference between the provincial government's financial assets and its financial liabilities. The annual surplus (deficit) on transactions of the Consolidated Revenue Fund is credited to (charged against) net equity (net deficiency).

The financial interest of the government in provincial Crown corporations and enterprises is included in the provincial government's accounts only to the extent of the amounts actually invested in, or advanced to, these entities, which do not record their main financial transactions through the Consolidated Revenue Fund. Therefore, the main financial statements of the provincial government do not reflect the earnings or deficits of provincial Crown corporations and enterprises, except for those whose primary function is to raise revenue for the provincial government.

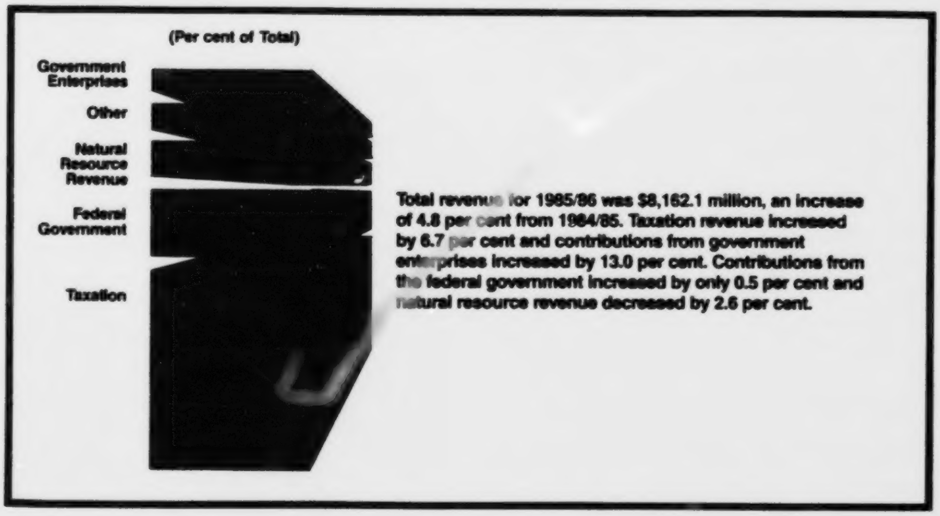
Revenue

For the fiscal year 1985/86, provincial government operating revenue of $8,162.1 million was $3.9 million below the original budget estimate (see Table 2.2).

Taxation revenue of $4,650.6 million was $27.4 million below the budget estimate, but 6.7 per cent higher than during 1984/85. Personal and corporation income taxes are collected for the provincial government by the federal government and revenue is paid to the provincial government on the basis of federal estimates. Personal income tax revenue was $68.1 million above budget as a result of lower than expected negative adjustments for prior years and higher than expected collections for the 1985 taxation year. Corporation income tax revenue was $91.5 million below budget and down 11.7 per cent from 1984/85. The variance from budget was the result of significantly higher than expected negative adjustments for prior years and less than expected collections for the 1985 taxation year. Social service tax revenue was $10.8 million above budget and 9.1 per cent higher than during the previous year, primarily as a result of a significant increase in consumer spending. Fuel tax revenue was $23.0 million below budget and down 10.3 per cent from 1984/85 as a result of the reduced tax rates for off-road fuels introduced in the March 1985 budget. Other taxation revenue was $8.2 million above budget and 12.0 per cent higher than 1984/85 revenue. The change from last year was primarily the result of an 18.2 per cent increase in tobacco tax revenue due to tax rate increases.

Natural resource revenue of $702.2 million was $29.8 million below the original budget estimate and 2.6 per cent lower than revenue for the previous year. Petroleum and natural gas revenue was $23.6 million less than budget and 17.9 per cent, or $60.5 million, lower than last year. Increased revenue from bonus bids for oil and gas drilling rights was more than offset by a $99.6 million decline in natural gas revenue primarily due to lower natural gas export prices. Mineral revenue was $4.8 million below budget but up slightly from the previous year. Forest revenue was $9.8 million below budget but up 13.3 per cent from the prior

Chart 2.1 Combined Funds Revenue by Source



Total revenue for 1985/86 was $8,162.1 million, an increase of 4.8 per cent from 1984/85. Taxation revenue increased by 6.7 per cent and contributions from government enterprises increased by 13.0 per cent. Contributions from the federal government increased by only 0.5 per cent and natural resource revenue decreased by 2.6 per cent.

year due to an improvement in the prices of forest products toward the end of the fiscal year. Water rental revenue was $9.9 million above budget and 12.1 per cent higher than the prior year as a result of increased generation of electrical power. Water rental rates did not change during 1985/86 as a result of the five year rate freeze introduced in the 1985 budget.

Table 2.2

Combined Funds Revenue by Source

	Budget 1985/86	Actual 1984/85
Taxation Revenue:		
Personal income	2,005.0	1,853.3
Corporation income	415.0	366.2
Social service	1,441.0	1,331.3
Fuel	443.0	468.3
Other	374.0	341.4
	4,678.0	4,360.5
Natural Resource Revenue:		
Petroleum and natural gas	301.0	337.9
Minerals	61.0	54.2
Forests	154.0	127.3
Water	204.0	190.8
Other	12.0	10.7
	732.0	720.9
Other Revenue:		
Sales and services	193.0	201.6
Licences and permits	179.0	170.7
Income from investments	92.0	106.3
Miscellaneous	63.0	76.8
	527.0	555.4
Contributions from Government Enterprises:		
Liquor Distribution Branch	390.0	355.9
Other	—	4.4
	390.0	360.3
Contributions from Federal Government:		
Established Programs Financing	1,104.0	1,059.5
Canada Assistance Plan	614.0	572.9
Other	121.0	158.6
	1,839.0	1,791.0
Non-recurring Revenue	—	1.8
Total Operating Revenue	8,166.0	7,789.9

Other revenue of $541.3 million was $14.3 million above budget, but 2.5 per cent less than in 1984/85. The variance from budget was primarily the result of significantly higher than expected lottery revenue, partially offset by lower than expected income from investments and revenue from motor vehicle licences and permits. Lower income from investments was the primary cause of the decrease in revenue from the previous year.

Contributions from government enterprises of $407.1 million were $27.1 million above the original budget estimate and up 13.0 per cent from 1984/85. Liquor Distribution Branch profits were $8.4 million above budget and 11.9 per cent higher than profits during the previous year. In addition, an $8.7 million dividend from the Insurance Corporation of British Columbia was received by the provincial government, representing the proceeds of sale of the general insurance operations of the corporation.

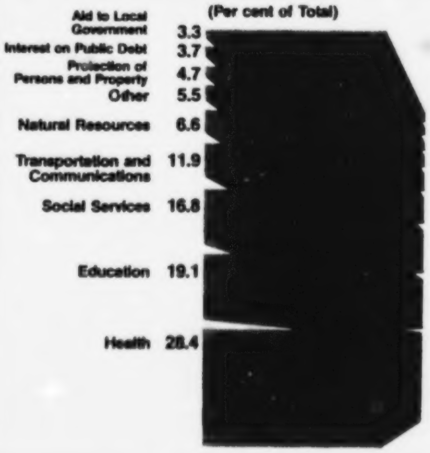
Contributions from the federal government totalling $1,800.2 million were $38.8 million below the original budget estimate and up only marginally from the previous year. The major variance from budget was in Canada Assistance Plan revenue, which was $25.2 million below budget as a result of lower than expected recoveries from the federal government for cost-shared social assistance programs.

Non-recurring revenue of $60.7 million was received by the provincial government during 1985/86 primarily as a result of the sale of the provincial government's salt water ferry fleet to British Columbia Ferry Corporation.

Expenditure

Provincial government operating expenditure during 1985/86 was $9,099.1 million, or $43.1 million above the original budget estimate. The main reasons for higher expenditure than originally anticipated in the budget were higher than expected spending on highway construction and forest fire suppression, partially offset by savings in a number of other areas.

Chart 2.2 Combined Funds Expenditure by Function



Total expenditure for 1985/86 was $9,099.1 million, an increase of 3.6 per cent from 1984/85. Expenditure on health during 1985/86 was $2,587.1 million or 28.4 per cent of total expenditure. Education expenditure was $1,735.9 million or 19.1 per cent of total expenditure while social services expenditure of $1,526.9 was 16.8 per cent of total expenditure.

SPECIAL FUNDS

Special Funds consist of certain earmarked revenue and various funds set aside in past years using General Fund surpluses. Expenditures from Special Funds are authorized by the legislation which established them and annual approval of the Legislature is not required.

Special Fund Transactions

	Balance March 31, 1985	Revenue 1985/86	Expenditure 1985/86	Balance March 31, 1986
	($ millions)			
The *British Columbia Cultural Fund* (1967) receives interest revenue from a capital endowment of $20 million and has paid a total of $33.3 million toward the encouragement of community cultural activities since its inception	20.6	1.6	1.5	20.7
The *First Citizens' Fund* (1969) receives interest revenue from a capital endowment of $25 million and has contributed a total of $32.4 million since its inception toward the cultural, educational and economic advancement of British Columbia Native Indians	26.5	2.0	1.3	27.2
The *Physical Fitness and Amateur Sports Fund* (1969) receives interest revenue from a capital endowment of $20 million and has disbursed a total of $31.2 million to amateur sport and activity groups since its inception	20.5	1.7	1.8	20.4
The *Farm Income Assurance Fund* has allocated $438 million since the 1973/74 fiscal year to provide a guaranteed annual income to agricultural producers. Producers' premiums over the same period have totalled $208 million	9.1	51.3	52.2	8.2
The *Habitat Conservation Fund* (1981) was created under the *Wildlife Act* to enhance fish and wildlife and their habitat. Revenue is raised through a surcharge on fishing and hunting licences	1.4	1.6	1.5	1.5
The *Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund* makes loans for new industrial development from principal and interest payments on existing loans	27.5	2.8	1.4	28.9
The *Lottery Fund* (1974) receives revenue from the sale of lottery tickets in British Columbia. During 1985/86, expenditures were made on cultural programs, sports and recreation programs, health care research and to Expo 86	61.7	105.3	83.2	83.8
Low Interest Loan Agreement Revolving Fund is administered by the British Columbia Development Corporation and makes loans to business firms from principal and interest payments on existing loans	—	28.1	0.6	27.5
The *Resource Revenue Stabilization Fund* was established in 1982. Non-earmarked natural resource revenue is paid into this fund. During 1985/86, all revenue of the Resource Revenue Stabilization Fund was transferred to the General Fund	—	700.6	700.6	—
The *Revenue Sharing Fund*, established in 1977, allocates a specific share of provincial revenue for the payment of grants to municipalities (*see* Appendix 3)	—	235.2	210.0	25.2
Total Special Funds	167.3	1,130.2	1,054.1	243.4
Less Transfers between the General Fund and Special Funds[1]	—	987.5	987.5	—
Net Special Funds	167.3	142.7	66.6	243.4

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[1] During 1985/86, a total of $987.5 million was transferred between the General Fund and Special Funds as follows: the Resource Revenue Stabilization Fund transferred $700.6 million to the General Fund, the Ministry of Agriculture and Food transferred $25.6 million to the Farm Income Assurance Fund, the Ministry of Industry and Small Business Development transferred $26.3 million to the Low Interest Loan Agreement Revolving Fund and the Ministry of Municipal Affairs transferred $235.0 million to the Revenue Sharing Fund.

Ministry of Health expenditure of $2,630.6 million was $36.3 million below budget, but 2.9 per cent higher than expenditure during the previous year. Less than expected expenditure for the Medical Services Commission and for Preventive and Community Health Care Services programs accounted for the variance from budget.

Expenditure by the Ministry of Human Resources of $1,468.1 million was $3.8 million above the budget estimate as a result of slightly higher than expected expenditure for Pharmacare. Expenditure was up 3.6 per cent from 1984/85.

Ministry of Education expenditure of $1,421.7 million was $6.5 million below the budget estimate, but 1.7 per cent higher than expenditure during 1984/85. A portion of provincial grants to school districts ($22.8 million) which were originally scheduled to be paid during 1985/86, were paid during 1984/85. This reduction in 1985/86 expenditure was partially offset by over-expenditures elsewhere in the ministry, particularly home owner grants to reduce school taxes and contributions to the Teachers Pension Fund.

Ministry of Transportation and Highways expenditure of $1,124.4 million was $77.4 million above the original budget estimate and up 44.8 per cent from the previous year. Highway construction and maintenance expenditure was $81.4 million above budget and significantly higher than expenditure for the previous year as a result of increased highway construction activity.

Ministry of Forests expenditure of $347.5 million was $88.2 million above the budget estimate. This was primarily the result of higher than expected forest fire suppression costs, which totalled $129.4 million or $82.9 million above the original budget estimate.

Expenditure by the Ministry of Lands, Parks and Housing totalled $114.5 million, or $23.0 million above budget. The variance from budget was the result of higher than expected expenditure from the Crown Land Account and the Provincial Home Acquisition Account as a result of increased provisions for doubtful accounts.

During 1985/86, expenditure of $29.3 million was made by the provincial government under the federal/provincial Economic and Regional Development Agreement. Expenditure was $35.7 million less than originally expected as a result of delays in signing subsidiary agreements with the federal government.

Interest on public debt of $338.7 million was $45.4 million below budget but up significantly from the previous year. The favourable variance from budget was primarily the result of lower borrowing and later borrowing, than originally expected.

Table 2.3

Combined Funds Expenditure by Ministry

	Budget 1985/86	[illegible]	Actual 1984/85
Legislation	10.5	[illegible]	7.6
Auditor General	3.7	[illegible]	3.5
Ombudsman	2.0	[illegible]	2.0
Premier's Office	0.7	[illegible]	0.7
Agriculture and Food	107.0	[illegible]	88.3
Attorney General	367.4	[illegible]	369.8
Consumer and Corporate Affairs	19.2	[illegible]	19.6
Education	1,428.2	[illegible]	1,397.6
Energy, Mines and Petroleum Resources	25.9	[illegible]	26.7
Environment	100.0	[illegible]	96.8
Finance	58.7	[illegible]	59.2
Forests	259.3	[illegible]	254.8
Health	2,666.9	[illegible]	2,557.6
Human Resources	1,464.3	[illegible]	1,417.0
Industry and Small Business Development	34.4	[illegible]	55.5
Intergovernmental Relations	2.6	[illegible]	2.2
International Trade and Investment	7.9	[illegible]	0.3
Labour	54.2	[illegible]	52.4
Lands, Parks and Housing	91.5	[illegible]	87.9
Municipal Affairs	212.3	[illegible]	214.6
Provincial Secretary and Government Services	155.9	[illegible]	137.8
Tourism	8.5	[illegible]	7.0
Transportation and Highways	1,047.0	[illegible]	776.4
Universities, Science and Communications	344.5	[illegible]	340.1
Other Voted Appropriations:			
Economic and Regional Development Agreement	65.0	[illegible]	—
Student Employment Programs	10.0	[illegible]	8.9
Transit Services	74.3	[illegible]	68.2
Interest on Public Debt	384.1	[illegible]	274.1
Contingencies	50.0	[illegible]	27.2
Payment to the British Columbia Railway Company	—	[illegible]	430.0
Total Operating Expenditure	9,056.0	[illegible]	8,783.8

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[1] During February 1986, a reorganization within government occurred which created a new Ministry of Post-Secondary Education and eliminated the Ministry of Universities, Science and Communications. As a result of this reorganization there was a transfer of responsibilities among the Ministries of Education, International Trade and Investment, Post-Secondary Education and Universities, Science and Communications. For comparability purposes, this table shows expenditure for the relevant ministries on a pre-reorganization basis. Appendix Table 7.4 reports expenditure on a post-reorganization basis.

Financial Requirements

The government's financial requirements for the 1985/86 fiscal year totalled $889.5 million, $76.5 million more than the original budget estimate (see Table 2.1). Higher than expected financial requirements were the result of the deficit being $47.0 million above the budget estimate as well as a $29.5 million shortfall in net receipts from financing and working capital transactions.

Financial Sources

The government met its financial requirements through a reduction in cash and temporary investments of $166.4 million and net direct borrowing for government purposes of $723.1 million. Borrowing during 1985/86 consisted of:

- $125.0 million from a Euro-Canadian public market issue;
- $463.0 million from two Canadian public market issues;
- $133.8 million from four private placements; and
- $237.0 million from an increase in short-term promissory notes outstanding.

Increases in sinking fund balances of $32.2 million and debenture repayments, foreign exchange adjustments and discount amortization adjustments of $203.5 million reduced the government's total outstanding direct debt.

An additional $508.2 million in both long and short term funds was borrowed by the government for relending to Crown corporations through fiscal agency loans.

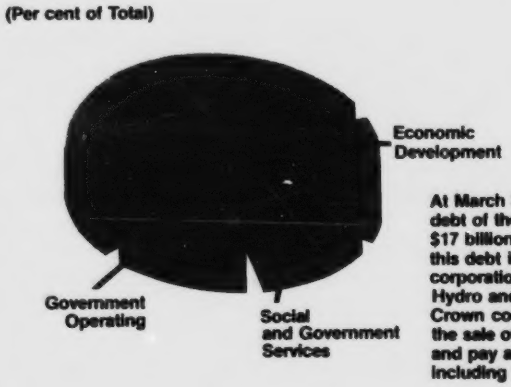
Provincial Government Net Equity (Net Deficiency)

As a result of the 1985/86 deficit of $937.0 million, the net deficiency (excess of financial liabilities over financial assets) of the Consolidated Revenue Fund increased to $2,522.3 million at March 31, 1986.

Government Debt

The provincial government issues public debt for government purposes, as needed, to finance its operations. From 1951/52 until 1981/82, with only one exception, the provincial government financed all operating and capital expenditure from current revenue and accumulated surpluses. Commencing in 1982/83, operating deficits have been funded through short and long term borrowing in public and private markets in Canada and abroad.
At March 31, 1986, provincial government net public debt outstanding (excluding funds borrowed and reloaned to Crown corporations) was $3,199.0 million.

Chart 2.3 Direct and Guaranteed Debt, March 31,1986



At March 31, 1986, direct and guaranteed debt of the provincial government totalled $17 billion. Approximately 55 per cent of this debt is debt of commercial Crown corporations such as the British Columbia Hydro and Power Authority. Commercial Crown corporations receive revenue from the sale of their services at commercial rates and pay all their own operating expenses, including debt service charges.

Central Borrowing Function

Provincial government and Crown corporation debt totalled $17 billion at March 31, 1986. The size and complexity of provincial government and Crown corporation financing activities requires a borrowing program that is carefully structured and coordinated to ensure the most favourable terms are obtained in financial markets. To assist in the achievement of this objective, a program of direct borrowing by the government for relending to Crown corporations was implemented in 1983 under amendments to the *Financial Administration Act*. This program of fiscal agency borrowing by the government provides lower cost financing to Crown corporations because, in addition to the government's strong credit rating and reputation in financial markets, a single borrower with larger debt issues typically is able to borrow at lower rates. At March 31, 1986, fiscal agency debt of the government totalled $1,824.0 million.

Guaranteed Debt and Fiscal Agency Loans

Prior to the introduction of fiscal agency borrowing, most capital expenditure by Crown corporations and public bodies in British Columbia (other than municipalities) was financed through debt issued by the individual Crown corporations and guaranteed by the provincial government with respect to principal, premium if any, and interest payments. At March 31, 1986 debt of Crown corporations and other public bodies, guaranteed by the provincial government, was $11,971.0 million.

When fiscal agency loans are included, the provincial government's net outstanding direct and guaranteed debt in respect of Crown corporations, local government and certain small enterprises, net of sinking funds, and excluding debt held as investments by the Consolidated Revenue Fund, was $13.8 billion at March 31, 1986, up 2.1 per cent from March 31, 1985 (see Appendix Table 7.12).

There are three categories of Crown corporations which have received provincial government debt guarantees and loans from the government under the fiscal agency borrowing program. Commercial Crown corporations, which include British Columbia Hydro and Power Authority, British Columbia Petroleum Corporation, British Columbia Place, and British Columbia Railway Company, generate revenue from the sale of services at commercial rates and pay all of their own operating expenses, including debt service charges. At March 31, 1986, commercial Crown corporations had net guaranteed debt and fiscal agency debt of $9.3 billion, or 67.4 per cent of the total Crown corporation debt. British Columbia Hydro and Power Authority is the major borrower in this category.

Economic development Crown corporations include British Columbia Ferry Corporation, British Columbia Housing and Employment Development Financing Authority, British Columbia Development Corporation, British Columbia Transit and Expo 86 Corporation. These corporations are generally operated as commercial Crown corporations. They may, however, undertake projects which provide economic benefits to the province but which do not generate a sufficient financial return to service debt. In these cases, the provincial government may provide grants or other forms of assistance. At March 31, 1986, economic development Crown corporations had net guaranteed debt and fiscal agency debt of $1.7 billion, or 12.3 per cent of all Crown corporation debt.

The remaining portion of guaranteed debt and fiscal agency loans has been used for financing social capital and government services projects. Construction of schools, hospitals, educational institutions and government facilities is financed through borrowing, with the cost generally amortized over a period of 20 years. Debt servicing requirements are met through grants or rental payments from the provincial government and, in the case of schools and hospitals, partly from local property levies. At March 31, 1986, guaranteed debt and fiscal agency loans outstanding in respect of social capital and government services was $2.8 billion, or 20.3 per cent of total guaranteed debt and fiscal agency debt.

Debt Servicing

The government of British Columbia provides grants for the servicing of debt by certain non-commercial Crown corporations. During 1985/86 the provincial government contributed $109.6 million to school districts, $70.3 million to regional hospital districts and $80.4 million to post secondary educational institutions.

Sinking Funds

Sinking funds are currently established for all long-term debt, including funds borrowed from the Canada Pension Plan Investment Fund. At March 31, 1986 sinking fund balances totalled $2,865.6 million for guaranteed debt, $11.6 million for fiscal agency debt and $40.8 million for provincial government direct debt. The increase in interest rates in recent years has resulted in the value of some of the sinking funds reaching or exceeding the amount of the corresponding debt issue in advance of the repayment date. In these cases, under legislative amendments enacted in 1981, payments into the sinking funds can be discontinued if certain conditions are met.

Credit Rating

Canadian Bond Rating Service, a Canadian security rating agency, has rated the direct and guaranteed debt of the provincial government at its second highest level of AA. Moody's Investors Service, a major United States security rating agency, rates British Columbia Hydro and Power Authority's long-term debt at Aa1. Standard and Poor's Corporation, another major United States rating agency, rates Hydro's debt and certain provincial government debt obligations at AA. These same United States agencies have rated the provincial government's United States commercial paper at the highest levels of P1 and A1+, respectively.

Crown Corporation Borrowing

During 1985/86, long-term borrowing of British Columbia Crown corporations was $448.6 million. This included long-term borrowing undertaken by Crown corporations with a provincial government guarantee totalling $177.0 million and long-term borrowing of $271.6 million undertaken directly by the provincial government and reloaned to the Crown corporations under fiscal agency agreements (see Appendix Table 7.13). In addition, Crown corporation and local authority net new short-term debt of $293.9 million was incurred, consisting of $236.6 million in fiscal agency loans and $57.3 million guaranteed by the provincial government.

The major Crown corporation borrowers during 1985/86 were:

- British Columbia Transit, which borrowed $180.2 million in long-term funds and $248.6 million in short-term funds;

- British Columbia Hydro and Power Authority, which borrowed $87.7 million in long-term funds;
- Expo 86 Corporation, which borrowed $68.7 million in short-term funds;
- British Columbia Ferry Corporation, which borrowed $43.2 million in long-term funds; and
- British Columbia Railway Company, which borrowed $49.5 million in long-term funds, but reduced its short-term debt outstanding by $94.1 million.

Of the total amount of Crown corporation long and short term borrowing, $185.3 million (25.0 per cent) was raised through the Canada Pension Plan Investment Fund, $225.0 million (30.3 per cent) was raised through private placements, $37.0 million (5.0 per cent) was raised through public issues, $293.9 million (39.6 per cent) was raised through commercial paper and the balance of $1.3 million was borrowed from provincial trusteed funds.

Trust Funds

Trust funds are administered by the government for third parties, but are not part of the provincial government's Consolidated Revenue Fund. At March 31, 1986, trust funds under administration totalled $13,287.7 million. The four distinct components of trust funds are as follows.

- Trust, or custodial, deposits include the accident fund of the Workers' Compensation Board, amounting to $2,278.3 million, and funds of individuals and intestates held by the government under various statutes. At March 31, 1986, the total amount of trust deposits was $2,620.4 million.
- Sinking funds are set up by Crown corporations and other public bodies to provide for the orderly retirement of maturing long-term debt. At March 31, 1986, these funds totalled $2,508.8 million.
- Superannuation and pension funds have been established to administer contributory pension plans for public sector employees. These funds totalled $7,408.4 million at March 31, 1986.
- Other managed trust funds totalled $750.1 million at March 31, 1986. The main items in this category are trust funds established with the investments formerly held by those sinking funds which have reached the value of the corresponding debt issues.

Trust deposits are invested mainly in the short-term money market with the exception of the accident fund of the Workers' Compensation Board, which is invested on a similar basis to the superannuation and pension funds. Sinking funds, superannuation and pension funds and other managed trust funds are invested to meet long-term liabilities. Until 1980, the funds were placed almost exclusively in long-term investments, mainly bond issues of provincial Crown corporations. From 1980 to mid-1982, almost all cash which became available in these funds was invested in short-term investments. Due to high interest rates which prevailed during that period, the earnings of the funds increased significantly. Since mid-1982, the asset mix between money market instruments and longer term government direct and guaranteed securities has been continually adjusted to reflect the expected direction of interest rates. The current target asset mix, which is being attained, reflects a 30/70 short-term/long-term mix. This has allowed the funds to obtain the relatively high returns available in the bond market, without subjecting them to a high degree of risk.

Trust funds may be placed in investments permitted under the *Trustee Act*, as well as in short-term and government guaranteed securities permitted for the Consolidated Revenue Fund. Investment in mortgages, common stock and corporate bonds is permitted, but has not yet been undertaken.

Provincial Taxes

The provincial government has the constitutional power to levy direct taxes within the province to raise money for provincial purposes. Appendix 2 provides information about various taxes in British Columbia and about tax changes made in the 1985 and 1986 budgets.

Income Tax Rates

The British Columbia personal income tax rate is 44 per cent of basic federal tax. This means that a British Columbia taxpayer is required to remit $44 in income tax to the provincial government for every $100 of federal income tax.

Two income tax surtaxes also apply in British Columbia. A 10 per cent surtax is imposed on that portion of provincial income tax payable in excess of $3,500. Most taxpayers with gross incomes of less than $40,000 per year are not affected by this provision.

To provide for recent increases required in provincial funding of health costs in British Columbia, an 8 per cent health care maintenance surtax was introduced in the 1984 budget. This surtax is applied to British Columbia tax payable, including the 10 per cent surtax, if applicable.

The corporation income tax rate for corporations not qualifying as small businesses is 16 per cent of taxable income earned in the province. The rate will be reduced to 15 per cent effective January 1, 1987 and 14 per cent effective January 1, 1988. For corporations qualifying as small businesses, the rate is 8 per cent.

Other Tax Rates

The general tax rate on purchases of tangible personal property imposed under the *Social Service Tax Act* is 7 per cent. Appendix Table 2.3 provides a list of purchases which are exempt from tax.

The tax rate on hotel accommodation is also 7 per cent. Accommodation priced at $10 or less per night is exempt from tax.

The corporation capital tax is applied to taxable paid-up capital at rates of 0.2 per cent for non-financial corporations, 0.6 per cent for trust companies, 0.8 per cent for chartered banks with capital of $500 million or less and 2.0 per cent for chartered banks with capital in excess of $500 million. In 1986 a $10 million deductible from paid-up capital is provided. In 1987 the tax will be eliminated except for major banks which do not have their head offices in British Columbia.

ECONOMIC RENEWAL TAX MEASURES UPDATE

The 1985 British Columbia budget introduced a number of tax reduction measures. These were designed to assist provincial economic renewal by significantly reducing taxes for British Columbia business and providing stimulus for new business investment in the province. Additional measures were introduced in the 1986 budget.

1985 Economic Renewal Tax Measures

The important tax initiatives introduced in the 1985 budget included property, income and consumption tax reductions.

The property tax measures included:

- the phased elimination of property tax on machinery and equipment over three years;
- the phased reduction over three years of school property tax rates applied to industrial and commercial property; and
- the reduction of municipal and school taxes on new industrial improvements under the Provincial-Municipal Partnership Program.

The income tax measures included:

- the introduction of a refundable Small Business Employment Tax Credit of approximately $300 per employee for a two-year period; and
- the introduction of a Venture Capital Tax Credit and grant program to increase the availability of equity funding for small businesses in designated sectors of the economy.

The consumption tax and other measures included:

- a significant reduction in off-road fuel tax rates from a range of 10 to 20 per cent of the pre-tax price to 7 per cent;
- the elimination of social service tax on the purchase of numerous items used in the manufacture, production, service and repair of specified goods and services;
- the phased elimination of Corporation Capital Tax over three years (excluding large banks with head offices outside the province); and
- the freezing of water rental fee rates for a five-year period.

1986 Economic Renewal Tax Measures

The 1986 budget introduced additional property and income tax measures designed to complement those introduced in 1985. The 1986 measures include additional tax reductions and broader investment incentives. These initiatives will further assist in improving the competitive position of British Columbia business.

The property tax measures include:

- the introduction of a new simplified system of private forest land taxation designed to encourage improved forest management; and
- the simplification and clarification of property assessment procedures in respect of improvements, utilities' property and industrial property.

The income tax measures include:

- a two-stage reduction of the general corporation income tax rate from the current level of 16 per cent to 15 per cent effective January 1, 1987 and to 14 per cent effective January 1, 1988; and
- the extension of the Small Business Venture Capital Program to include export-oriented service corporations as eligible investments.

Effect of Tax Measures

The tax reductions associated with the 1985 and 1986 measures are presented in the following table.

Together, the 1985 and 1986 measures will provide an additional $1.7 billion to British Columbia business over the period 1985 to 1989 with the expectation that a portion of these funds will be used to maintain and expand existing operations. The tax reductions, combined with the various investment incentive programs, will contribute to the development of significant new business activity in the province.

TAX REDUCTIONS BY SOURCE

	1985/86	1986/87	1987/88	1988/89	Four Year Total[1]
1985 Measures			($ millions)		
Property Taxes	84.5	169.0	260.8	277.0	791.3
Income Taxes	2.5	54.0	78.0	48.0	182.5
Consumption Tax and Other Measures	100.0	127.3	163.9	214.0	605.2
Total 1985 Measures	187.0	350.3	502.7	539.0	1,579.0
1986 Measures					
Property Taxes	—	—	0.7	3.0	3.7
Income Taxes	—	2.0	38.0	70.0	110.0
Other Measures	—	2.2	7.0	10.0	19.2
Total 1986 Measures	—	4.2	45.7	83.0	132.9
Total 1985 and 1986 Measures	187.0	354.5	548.4	622.0	1,711.9

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[1] The four-year total is shown for illustrative purposes only; the tax reductions continue for an indefinite period.

Fuel tax rates (except for marine bunker fuel) are adjusted every three months in accordance with changes in the gasoline sub-component of the Vancouver Consumer Price Index with the restriction that, during 1986/87, they are not permitted to rise above the March 31, 1986 level. The tax rate on clear gasoline is approximately 20 per cent of the retail price before tax (6.47¢/litre at July 1, 1986). Tax rates on most other fuels are 7 per cent of the pre-tax price of clear gasoline (2.26¢/litre). The tax on marine bunker fuel is 7 per cent of its pre-tax retail price in Vancouver harbour (.73¢/litre). Compressed natural gas and propane used to propel motor vehicles are exempt from provincial fuel tax in order to promote use of these efficient and clean-burning fuels. Handicapped drivers are eligible for a 100 per cent rebate of gasoline tax.

The tax rates for cigarettes and other tobacco products are adjusted on March 1 and September 1 of each year and were approximately 3.44¢/cigarette and 40¢ per ounce of tobacco at July 1, 1986.

Other provincial taxes, including the horse racing tax, insurance premium tax, real property tax, logging tax, mining tax, mineral land tax and mineral resource tax, are outlined in Appendix Table 2.3. An interprovincial comparison of tax rates is contained in Appendix Table 2.2.

Legislation of Financial Significance

The following legislation was enacted by the Legislature during the 1986 spring session.

- The *Education Excellence Appropriation Act, 1986* authorizes the expenditure of $600 million over 3 years beginning April 1, 1986 to enhance the quality of education in the province. In 1986/87, $110 million of this amount may be paid out.
- The *Health Improvement Appropriation Act, 1986* authorizes the expenditure of $720 million over 3 years beginning April 1, 1986 to maintain and improve health services and to fund new health related initiatives. In 1986/87, $120 million of this amount may be paid out.
- The *Forest Stand Management Fund Act, 1986* establishes an ongoing Forest Stand Management Fund to fund the management and enhancement of forests, forest lands and range lands. Funds for these purposes may be provided from the federal and provincial governments, municipalities, the forest industry and forest sector unions. The forest industry share may be raised through a stumpage surcharge. The provincial government has provided $20 million to this Fund in 1986/87.
- The *Assessment Amendment Act, 1986* revises the assessment of utility and forest property, clarifies definitions of the property tax base and makes other administrative changes.
- The *Income Tax Amendment Act, 1986* reduces the general corporation income tax rate to 15 per cent for the 1987 tax year, and 14 per cent for 1988 and subsequent tax years.
- The *Income Tax Amendment Act (No. 2), 1986* contains amendments which ensure that the provincial act parallels the *Income Tax Act (Canada)* in accordance with the terms of the Canada-British Columbia Tax Collection

COMPENSATION STABILIZATION PROGRAM

The Compensation Stabilization Program, introduced on February 18, 1982, was designed to place limits on permissible public sector compensation increases commensurate with the employer's — that is, the taxpayer's — ability to pay, while still preserving the collective bargaining process, as well as maintaining flexibility and equity in the determination of wages.

Under the *Compensation Stabilization Act*, the provincial government has the authority to establish voluntary guidelines and mandatory regulations to restrain wages and benefits in the public sector. The guidelines are designed to be sufficiently flexible to permit collective bargaining in the provincial public sector to continue almost unaffected.

Proposed settlements for public sector employees are reviewed by the Compensation Stabilization Commissioner, an independent official appointed under the Act, to ensure they are consistent with the guidelines. When the Commissioner believes that a proposed settlement violates the guidelines, he has the power to refer the settlement back to the negotiating parties and to request them to arrive at a settlement within the guidelines.

The Compensation Stabilization Program has been successful in moderating public sector wage settlements over the past four years. The average public sector compensation increase has fallen from levels of 12 per cent at the time of the introduction of the Program in 1982 to levels of 1.8 per cent in 1985, similar to increases in the private sector. Over 3,000 provincial public sector wage settlements have been approved by the Commissioner since the Program's inception under the voluntary guidelines. The Commissioner has not needed to use the compulsory regulations under which a settlement can be imposed upon the parties. This indicates that the collective bargaining process has continued to function during the life of the Program.

The success of the Compensation Stabilization Program in restraining public sector compensation increases within the collective bargaining context is attributable to the flexibility of the program and its evolution in response to changing circumstances.

At its inception, the Program was to be of limited duration, and was designed with flexible percentage limits on annual allowable compensation increases, which were reduced in July 1982. In October 1983 amendments were enacted which extended the duration of the Program indefinitely and made the employer's ability to pay of paramount consideration in determining the appropriate guideline for an employee group. Numerical factors were removed from the guidelines. Apart from the issue of ability to pay, the guideline compensation level for an employee group depended upon a combination of factors, namely, average settlements in the public sector, the identification of demonstrable or measurable increases in productivity and any other matter the Commissioner may consider relevant.

In 1984, further amendments were made to the guidelines and regulations including permitting the Commissioner to review a compensation plan of a duration greater or less than twelve months and reducing the range of allowable wage settlements in the regulations.

In 1985, amendments to the Act included reductions in the required reporting time for a compensation plan from thirty to ten days and the addition of a provision that allows the Commissioner, under the regulations, to fix the terms of a compensation plan where parties or their arbitrator have been unable to reach an acceptable compensation plan themselves.

Amendments made to the program in March 1986 broaden the settlement criteria and increase the flexibility for parties negotiating collective agreements in the public sector.

A new job security guideline has been added to give employers and employees the option of accepting fixed rates of increase in compensation of 0, 1 and 2 per cent in successive years, in return for job security for the employees.

In addition, the existing guidelines, now called the Labour Market Guidelines, have been broadened beyond the previous criteria of productivity increases and the average compensation increase in the public sector, to include three new factors. These are private sector settlement patterns, the competitive situation in recruiting employees with critical skills and the rectification over time of unusually low levels of compensation.

The experience of the Compensation Stabilization Program represents the successful development of a mechanism for the determination of public sector compensation equivalent to the discipline provided by market forces in the private sector. Through this innovative program, the provincial government has maintained collective bargaining rights in the public sector while ensuring the fiscal responsibility necessary to protect the British Columbia taxpayer. The result has been a reduction in the growth of the cost of government, the containment of the government budgetary deficit and the maintenance of essential public services.

Agreement. It also makes a minor change to an appeal procedure of the provincial act. Adoption of the amendments allows Revenue Canada to administer federal and provincial income tax under one set of rules.

- The *Motor Fuel Tax Amendment Act, 1986* caps fuel tax rates for the 1986/87 year at the March 31, 1986 level.
- The *Insurance Premium Tax Amendment Act, 1986* exempts insurance premiums sold by companies permanently headquartered in British Columbia from insurance premium tax, effective January 1, 1987.
- The *Home Owner Grant Act* was amended to extend eligibility for the supplementary $250 grant to homeowners housing a handicapped spouse or relative.

3. Intergovernmental Relations

International Relations

In response to the increasing importance of expanded trade and investment to the provincial economy, the Ministry of International Trade, Science and Investment was established in February 1985 to give British Columbia a stronger economic presence around the world. The new ministry is responsible for all aspects of international marketing, the promotion of foreign investment and trade policy. During 1986 British Columbia reached agreement with the federal government to post provincial officials in four Canadian missions abroad including Hong Kong, Seoul, Dusseldorf and San Francisco. A British Columbia mission will also be set up in Tokyo, to be located separately from the federal representative. These posts are in addition to British Columbia House in London, England, which has been in operation since 1872.

During 1985, the Prime Minister of Canada officially indicated Canada's interest in negotiating a free trade agreement with the United States. The Government of British Columbia strongly supports this initiative and has played an active role in the national preparations for these key talks.

In 1985 and 1986, British Columbia officials participated in the International Joint Commission's study of the transboundary environmental impact of the proposed Sage Creek coal project in southeastern British Columbia. In a related aspect of this issue, a provincial observer attended meetings of the Flathead Basin Commission in Montana. This commission is responsible for examining a variety of environmental issues, including the proposed Sage Creek project, dealing with the Flathead Basin which borders on southeastern British Columbia.

In September 1985, the Minister of Intergovernmental Relations led a private sector delegation to the People's Republic of China to explore the area of business services.

In September 1985, the former Premier, William Bennett, travelled to California and Washington, where he met with business and government leaders as well as the Governors of the two states.

For the period of Expo 86, the Ministry of Intergovernmental Relations is implementing the Expo 86 Official Visits Program to ensure positive and productive attendance of political, business and professional leaders from throughout the world. The program works with the Protocol Section of Expo 86 and the Federal Department of External Affairs to coordinate visits by foreign officials to Expo's Special and National Days and to arrange tours and meetings with the Premier and Cabinet ministers. Some of the expected 2,000 visitors to British Columbia through this program include the Prince and Princess of Wales, the Crown Prince and Princess of Norway, the Crown Prince of Thailand, the Prince and Princess of Belgium, the President of Italy, the Prime Minister of the United Kingdom, the Vice-President of the United States and the Governor of Hong Kong.

In addition, the Ministry of International Trade, Science and Investment is implementing the Expo 86 Business Visitors Program which is expected to bring up to 4,000 business visitors to the province to capitalize on trade and investment opportunities arising from Expo 86.

Federal/Provincial Relations

Following the February 1985 agreement to hold annual meetings of the Prime Minister of Canada and the 10 provincial Premiers, British Columbia participated in the first annual First Ministers' Conference in Halifax, Nova Scotia in November 1985; the second conference is scheduled for November 1986 in Vancouver. The former premier, William Bennett, attended the Western Premiers' Conference in Swan River, Manitoba in May 1986 and Premier William Vander Zalm attended the Annual Premiers' Conference in Edmonton Alberta, in August 1986.

Constitutional Issues

During 1985 and 1986 the province continued to participate in a series of meetings concerning aboriginal constitutional matters with representatives of the aboriginal peoples of Canada and the federal and other provincial and territorial governments. The discussions focused on the issue of aboriginal self-government. The next First Ministers' Conference on Aboriginal Constitutional Matters is required to be held before April 17, 1987.

Federal/Provincial Fiscal Arrangements

The major fiscal arrangements between the federal government and the provincial government are embodied in the *Federal/Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977.*

This act provides for federal transfers to provincial governments for funding of insured health services, extended health care and post-secondary education. The act also provides for a fiscal stabilization program, an equalization program and for tax collection agreements between the federal government and participating provinces.

In 1977, the Established Programs Financing (EPF) mechanism replaced cost-sharing in the financing of hospital insurance, medical care and post-secondary education, with a combination of transferred personal and corporation income tax points and federal government cash payments to the provinces. As well, a per capita cash payment is provided for extended health care programs. Each year the transfer to the provincial government is increased through a formula based on the growth in Canadian gross national product (GNP) per capita and the growth of provincial population. The transfer is largely unconditional, with the exception of a requirement to maintain five basic standards of health care.

British Columbia's cash entitlement under the program was $1,110 million during 1985/86. Adjustment payments for prior years totalling $12 million and penalties of $31 million under the *Canada Health Act* in respect of certain provincial health care user charges, resulted in a net 1985/86 EPF contribution of $1,091 million.

In recent years, the federal government has made several modifications to the EPF program which have reduced contributions to the provinces. The EPF formula was amended in 1982 to reduce federal cash transfers to all provinces for 1982/83 and subsequent years. Beginning in 1983/84, the federal government applied the 6 and 5 restraint policy to the post-secondary education component of the EPF transfer. In addition, commencing in 1984/85, the federal government reduced the insured health services component of the EPF contribution through the introduction of penalty charges equivalent to the revenue raised by British Columbia hospitals from acute care and emergency treatment co-insurance charges. These modifications since 1982 reduced the EPF contribution by an estimated $187 million during 1985/86.

Finally, commencing in 1986/87 the federal government reduced the per capita rate of growth in the EPF transfer by 2 percentage points annually. This reduction, combined with the other modifications made in previous years, is estimated to reduce the 1986/87 EPF contribution by $235 million.

The fiscal stabilization program is designed to provide some protection to provinces from a decline in provincial revenues. The program provides for federal payments to a province whose revenue declines in a fiscal year from the level in the preceding year, after adjustment for changes in tax rates and exclusion of any decline in natural resource revenue of less than 50 per cent. In June 1983, British Columbia became the first province ever to apply for a payment under this program, when a formal application was submitted in respect of the 1982/83 fiscal year. The federal government paid $174 million to British Columbia in 1983/84 and 1984/85 with respect to this claim.

The equalization program enables provinces with lower revenue-raising potential to provide a reasonable standard of public services without necessitating unduly high tax rates. Under the program, a province's revenue-raising capacity is measured against that of an average of five representative provinces. British Columbia does not receive payments from the federal government under the equalization program.

The fiscal arrangements also provide for the tax collection agreements which enable the federal government to collect provincial personal and corporation income taxes on behalf of a participating province. As a result, each tax filer is required to file only a single tax return. Nine provinces participate in respect of personal income tax and seven in respect of corporation income tax. Quebec does not participate in the agreement for either corporation or personal income taxes, while Ontario and Alberta collect their own corporation income tax. Under the terms of the agreement between Canada and British Columbia, the provincial government is required to adopt income tax legislation and regulations similar to those of the federal government.

Canada Assistance Plan

The other major federal/provincial financial agreement is the Canada Assistance Plan (CAP), through which the federal government makes contributions to the provincial government, on a cost-shared basis, for eligible expenditure on social assistance and welfare services. British Columbia's CAP receipts were $589 million in 1985/86.

Other Federal Government Contributions

The provincial government has numerous other agreements with the federal government in a variety of program areas, principally manpower training and economic development. Most of these agreements are for a limited duration. During 1985/86, federal contributions to provincial government revenue for these programs totalled $120 million.

Provincial/Local Relations

Local government in British Columbia consists of incorporated municipalities (cities, towns, villages and districts), regional districts, school districts, regional hospital districts and special purpose improvement districts. Included are the following:

- 144 municipalities incorporated under the *Municipal Act*, to provide facilities such as roads, waterworks and sewerage systems, as well as a wide range of social, recreational and protective services.
- 28 regional districts incorporated under the *Municipal Act*, combining municipal and other local government areas to provide more efficiently administered services over a larger area. All but a small part of the province is included within regional district boundaries.
- 75 school districts incorporated under the *School Act*, to provide efficient and coordinated administration of schools. The districts cover 98 per cent of the province and usually combine adjacent municipal and non-municipal areas.
- 28 regional hospital districts incorporated under the *Hospital District Act*. These districts, sharing boundaries with the regional districts, participate in the planning and provision of capital funds for health facilities.
- 327 improvement districts, primarily in non-municipal areas, incorporated under the *Municipal Act*. Services provided by improvement districts include waterworks (261 areas), fire protection (92 areas), irrigation (65 areas), street lighting (42 areas), drainage (39 areas), garbage disposal (31 areas), sewage disposal (16 areas), parks and playgrounds (21 areas), dyking (21 areas), community halls, recreation areas, cemeteries and land acquisition and improvements (television antennae, boat landings, mosquito control, river bank protection, water treatment, electrical energy and lake level control).

Municipalities

At June 30, 1986, there were 36 cities, 47 districts, 13 towns and 48 villages, totalling 144 municipalities in 28 regional districts. For details of municipal population, see Appendix 11. Major provincial financial assistance was provided to municipalities during 1985/86 under the *Revenue Sharing Act* and the *Municipal Aid Act*.

Revenue Sharing

Under legislation adopted in 1977, a revenue sharing formula allows municipalities to share in the broader provincial revenue base and reduces pressure on the real property tax base. The formula annually transfers into the Revenue Sharing Fund an amount equivalent to the yield of one point of personal income tax, one point of corporation income tax, and six per cent of sales tax and natural resource revenue. Under the *Revenue Sharing Act*, $210 million was provided to municipalities and regional districts in the 1985/86 fiscal year. Payments to the municipalities are in the form of both conditional and unconditional grants (see Appendix Table 3.1, Major Provincial Programs for Local Government).

The *Revenue Sharing Amendment Act*, passed in 1985, established a Grant Stabilization Account within the Revenue Sharing Fund. The Account is intended to partially insulate grants to municipalities from fluctuations in provincial government revenue. During 1985/86, $25 million was allocated to the Account for use in future years.

Downtown Revitalization Account (1980)

This special purpose account was established with a $25 million appropriation to provide grants and loans to municipalities and the business community for the revitalization of downtown areas. During 1985/86, loans of $4.5 million were made from the account while grants of $1.0 million were disbursed.

Grants in Lieu of Property Taxes

Grants in lieu of taxes on Crown property are paid to municipalities by the province under the *Municipal Aid Act*. The grant is equal to the assessed value of the property, multiplied by the applicable municipal and regional district tax rate, including the debt service levy. Many British Columbia Crown corporations also pay grants to municipalities on the same basis. In 1985/86, the provincial government paid $0.6 million under this provision, while the British Columbia Buildings Corporation, on behalf of provincial ministries, paid $11.7 million. This total of $12.3 million was slightly lower than in the previous year because provincial hospitals were no longer subject to grants in lieu of taxes.

Provincial Home Owner Grant

The Provincial Home Owner Grant Program reduces property tax levies for eligible home owners. In 1985, the grant to each eligible home owner, which is first applied against the local school tax levy, was $380. An additional $250 grant was paid to eligible home owners aged 65 years or over, to handicapped persons eligible under the regulations and to those eligible persons receiving an allowance under the federal *War Veterans Allowance Act*.

As a result of this property tax relief program, many British Columbia home owners paid the minimum property tax for local government services, including education, of $175 ($1 for those eligible for the supplementary grant) during 1985. The minimum property tax for local government services has been raised to $200 for 1986. Provincial home owner grants paid in the 1985/86 fiscal year totalled $275 million, an increase of $7 million from 1984/85. An estimated $230 million of the home owner grants was applied to reduce local school taxes levied in 1985, while the balance was applied to reduce other local property tax levies.

British Columbia Assessment Authority

The authority is incorporated under the *Assessment Authority Act* as an independent corporation with responsibility for real property assessment throughout British Columbia. The Assessment Authority is governed by a six-member board of directors.

With the exception of farm land, tree farm land and some utilities, land and improvements are assessed at their actual value. The Lieutenant Governor in Council has prescribed nine classes of property for which different tax rates may be set.

The longstanding practice of annual reassessments has now been superseded by the introduction of a biennial cycle. Assessment rolls are completed by September 30, in each even-numbered year. In most cases the assessments shown upon these rolls will be the assessments for taxation purposes in the two following taxation years. Not later than September 30 in each odd-numbered year, assessors must complete a revised assessment roll which will contain revisions for the purpose of taxation during the following calendar year. This revised assessment roll records only those properties which have been the subject of certain enumerated changes such as changes in physical characteristics, in classification or in ownership.

For assessment purposes, the province is divided into 23 areas. Assessment rolls are prepared for each taxing jurisdiction within an area and, after confirmation by the Court of Revision, are used in the production of tax rolls. For the 1985 and 1986 assessment rolls approximately 1.2 million taxable and exempt properties were assessed. The actual value of all properties, including some Crown properties and other properties exempt or partially exempt from taxation, was $147.7 billion. The actual and school taxable values are shown in Table 3.1.

Municipal Finance Authority of British Columbia

The authority is incorporated under the *Municipal Finance Authority Act* as a central borrowing agency to provide financing of capital requirements (other than for schools and hospitals) for local governments in British Columbia. Pursuant to the act, two special purpose districts and all regional districts and their member municipalities (except the city of Vancouver) are required to finance their long-term capital requirements through the authority. The authority issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken.

Obligations of the authority are not obligations of the Province of British Columbia and are not guaranteed directly or indirectly by the provincial government. Currently the authority's bonds have an Aaa credit rating from Moody's Investors Service, an AA+ credit rating from Standard & Poor's Corporation and an AA credit rating from the Canadian Bond Rating Service.

The combined credit-worthiness of all regional districts and their member municipalities, which together have essentially all the taxable land and improvements in the province, stands behind the authority's obligations. In addition, a debt reserve fund is maintained to satisfy obligations in the event that sufficient funds are not available to meet payments or sinking fund contributions due. If the Board of Trustees of the Municipal Finance Authority is of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, it may, and under certain circumstances must, levy upon all taxable land and improvements in the province rates sufficient to restore the fund to the amount which would have been in the fund had no such payments been made.

At June 30, 1986, the outstanding long-term debt contracted by the authority on behalf of the regional districts and their member municipalities totalled $1,196.5 million and the debt reserve fund balance was $118.2 million.

Table 3.1
Actual and School Taxable Property Values, 1986

	[illegible]	[illegible]
	[illegible]	
(a) By taxing jurisdiction		
Cities	[illegible]	[illegible]
District municipalities	[illegible]	[illegible]
Towns	[illegible]	[illegible]
Villages	[illegible]	[illegible]
Rural	[illegible]	21,019
Total	[illegible]	[illegible]
(b) By property classification		
Residential	[illegible]	[illegible]
Utilities	[illegible]	[illegible]
Forestry	[illegible]	[illegible]
Machinery and equipment	[illegible]	[illegible]
Industrial	[illegible]	[illegible]
Business/other	[illegible]	[illegible]
Tree farm land	[illegible]	[illegible]
Recreational property/Non-profit organization	[illegible]	[illegible]
Farm land	[illegible]	[illegible]
Total	[illegible]	[illegible]

[1] School taxable value is the total actual value of property less the value of property that is exempt from school tax.

4. Crown Corporations and Enterprises

Introduction

Crown corporations and enterprises are entities established or acquired by the government. Their functions include commercial and quasi-commercial activities, the administration of services and programs and the financing of other public bodies. Many Crown corporations and enterprises receive financial assistance from the government in the form of grants, loans, equity investments and debt guarantees. The operations of Crown corporations are recorded in their own financial statements, and only transactions with the government are reflected in the government's main financial statements. The financial statements of all Crown corporations and enterprises are subject to audit by the Auditor General or by private sector auditors. Appendix Table 4.1 lists major British Columbia Crown corporations and enterprises and their functions. Appendix Table 7.13 summarizes borrowing of provincial Crown corporations and Appendix Table 7.14 summarizes their net debt outstanding.

British Columbia Hydro and Power Authority

British Columbia Hydro and Power Authority generates, transmits and distributes electricity to more than one million customers in a service area which contains more than 90 per cent of British Columbia's population. British Columbia Hydro also distributes natural gas in Greater Vancouver and the Fraser Valley, manufactures and distributes propane-air gas in Greater Victoria and operates a railway offering local and terminal freight service in the Fraser Valley and to locations in Burnaby and New Westminster.

Operations

The Authority's generating name-plate capacity at March 31, 1986 was 10,483 thousand kilowatts compared with 10,503 thousand kilowatts at March 31, 1985.

The highest one-hour peak demand on the integrated system during the year occurred on November 27, 1985. At 6,816 thousand kilowatts, it was significantly higher than the previous record of 6,215 thousand kilowatts set in December 1983.

A total of 42,264 million kilowatt-hours of electricity was sold in 1985/86, up 11.6 per cent from the previous year. At March 31, 1986 electrical service was provided to 1,163 thousand customers, 88 per cent of whom were residential, with the remainder being primarily commercial or industrial.

Gas sales volumes in 1985/86 were down 1.4 per cent from the previous year due mainly to very warm weather between April and August. At March 31, 1986 gas service was provided to 374 thousand customers.

British Columbia Hydro's net income for the year ended March 31, 1986 was $12 million compared with a net loss of $12 million in fiscal 1985.

Total revenue for fiscal 1986 was $2,094 million, an increase of $141 million or 7.2 per cent over the previous year. Revenue from domestic sales accounted for $71 million of the increase while higher electric export surplus sales accounted for the balance.

Increased domestic revenues are mainly the result of a 4 per cent increase in the volume of domestic electricity sold and a 1.9 per cent electric rate increase.

Table 4.1

British Columbia Hydro and Power Authority Financial and General Operating Data

Fiscal year ended March 31,	1985	[redacted]	Change 1985–1986
Electric		[redacted]	(per cent)
Generating name-plate capacity (rated kilowatts in thousands)	10,503	[redacted]	−0.2
Customers (thousands)	1,142	[redacted]	1.8
Electricity sold (kilowatt-hours in millions)	37,880	[redacted]	11.6
Residential service—average revenue per kilowatt-hour (cents)	5.3	[redacted]	1.9
Gas		[redacted]	
Gas sold (terajoules)	99,635	[redacted]	−1.4
Customers (thousands)	362	[redacted]	3.3
Average revenue per gigajoule[1] (dollars)	4.14	[redacted]	3.6
Rail freight (thousands of tonnes)	1,837	[redacted]	7.6
Employees (including temporary employees)	7,149	[redacted]	−9.0
	($ mil	[redacted]	(per cent)
Revenue	1,953	[redacted]	7.2
Net income (loss) by service		[redacted]	
Electric	(37)	[redacted]	45.9
Gas	24	[redacted]	8.3
Rail	2	[redacted]	150.0
Sundry	(1)	[redacted]	—
Net income (loss)[2]	(12)	[redacted]	—
Expenditure on fixed assets—net of contributions in aid of construction	453	[redacted]	−57.8
Fixed assets in service	10,231	[redacted]	5.1
Long-term liabilities	8,426	[redacted]	−2.2
Temporary investments at end of year	239	[redacted]	−5.4

[1] The gigajoule and MMBTU (million British thermal units) are used to measure the energy equivalence of various fuels (1 MMBTU = 0.935 GJ).
[2] After transfers to the rate stabilization account of $8 million in 1985 and $4 million in 1986.
Source: British Columbia Hydro and Power Authority Annual Report 1985/86.

Electric export surplus sales reached a record high of $252 million during 1985/86. This reflects the extensive marketing efforts undertaken by British Columbia Hydro during the year, the additional generating capability provided by the Revelstoke project and the below average water conditions in the United States Pacific Northwest.

Total operating expenses, excluding finance charges, decreased by $30 million or 3 per cent from fiscal 1985. This reduction was mainly the result of lower employee compensation costs and a decline in deferred capital development study write-offs, partially offset by increased depreciation.

In fiscal 1986, employee compensation declined by $42 million mainly as a result of staff reductions. This decrease is a reflection of the recently completed reorganization resulting from a shift in business emphasis from a development to an operating company.

Depreciation increased by $34 million, mainly as a result of the commencement of depreciation on the Revelstoke project in fiscal 1986.

Finance charges increased by $151 million, of which $86 million was due to the Revelstoke project, which was in service for the full year compared to a portion of the previous year. The balance of the increased finance charges was mainly the result of the decline in the value of the Canadian dollar relative to the United States dollar.

Financing

During 1985/86, British Columbia Hydro borrowed $88 million payable in Canadian currency at an effective interest cost of 10.8 per cent. Principal redemptions during the year amounted to $104 million in United States currency and $6 million in Canadian currency.

At March 31, 1986, British Columbia Hydro's gross outstanding debt totalled $9,526 million (excluding accrued interest) which was partially offset by $1,036 million set aside in sinking funds. The outstanding debt was composed of $4,448 million payable in Canadian currency and $5,078 million in United States currency (United States $3,638 million). The effective interest cost on debt outstanding at March 31, 1986 was 12.09 per cent.

Capital Expenditure

During the year ended March 31, 1986 capital expenditure totalled $224 million, a reduction of $260 million from the previous year. Capital expenditure of $45 million was expended on the Cheekye-Dunsmuir transmission line while the balance was primarily for improvements to, and the expansion of, the electric and gas distribution system.

Capital Program

The four generating units of the Revelstoke hydroelectric plant were in service for the entire fiscal year. This plant will enable the Authority to meet the energy needs of British Columbia into the 1990's. Despite the addition of this large generation facility, no excess water was spilled from the major reservoirs during the year because of the success in marketing the surplus energy.

A 500-kilovolt tie between British Columbia Hydro and TransAlta Utilities Corporation came into service on January 1, 1986. This 108 kilometre line from Cranbrook to the Alberta border provides emergency support, reserve sharing and energy exchange benefits between the two provinces.

British Columbia Railway Company

British Columbia Railway Company, the third largest railway in Canada, operates 2,237 kilometres of main-line track from North Vancouver to the north east region of British Columbia (see Map 6.1: Chapter 6). The railway also maintains 625 kilometres of industrial and yard track and sidings. Through connections at North Vancouver, Prince George and Dawson Creek, British Columbia Railway has access to the North American railway network. Deep-sea bulk-loading facilities are located at North Vancouver and Squamish. The railway also operates a microwave communication system which enables dispatchers to be in constant communication with its trains, as well as with its trucking fleet.

At the end of 1985, the railway's rolling stock fleet comprised 117 locomotives, 9,960 freight, 9 passenger and 452 work cars. The railway's land holdings of more than 19,000 hectares include, in addition to rights-of-way, industrial parks at Prince George, Williams Lake, Mackenzie, Fort St. John, Dawson Creek, Fort Nelson and Fort St. James.

In August, 1985 a favourable decision from Canadian regulatory authorities permitted BC Rail's Communications and Data Processing Department to provide private voice and data transmission in competition with the established telephone company.

Early in 1985, BC Rail Ltd. and Swan Wooster Engineering Co. Ltd. announced the formation of International Rail Consultants, a joint venture created to offer consulting expertise to developing nations.

Corporate Structure

British Columbia Railway Company, which is 100 per cent owned by the government of British Columbia, together with its wholly-owned subsidiary, BCR Properties Ltd., owns 100 per cent of the common shares of BC Rail Ltd. BC Rail Ltd. owns and operates all the assets of British Columbia Railway Company, except industrial parks and certain undeveloped land, which are held by BCR Properties Ltd.

Operations

Revenue for 1985 was $294.6 million, an increase of 15.0 per cent over the previous year (see Table 4.2). The increase is partially due to an increase in northern coal shipments as the two producing mines approached or surpassed contracted tonnages. The railway handled 234,335 carloadings in 1985, compared with 200,257 in 1984.

Consolidated operating expenses were $216.2 million, an increase of 14.3 per cent over 1984. Consolidated net income before deferred income taxes and minority interest was $61.8 million, compared to $44.0 million in the previous year. As a taxable Canadian corporation, BC Rail Ltd. is required to make provision for income taxes which, in accordance with the *Income Tax Act*, have been deferred. After deferred income taxes and dividend payments to preferred shareholders of BC Rail Ltd., consolidated net income for 1985 was $42.9 million.

Table 4.2

British Columbia Railway Company Summary Income Statement and Operating Data

Fiscal year ended December	1984	[redacted]	Change 1984–1985
	($ thou	[redacted]	(per cent)
Operating revenue	256,108	[redacted]	15.0
Operating expense	189,199	[redacted]	14.3
Operating income	66,909	[redacted]	17.1
Interest expense (after debt servicing grant)	24,515	[redacted]	−24.8
Other income	1,636	[redacted]	12.7
Net income before deferred income taxes	44,030	[redacted]	40.3
Provision for deferred income taxes	1,343	[redacted]	−75.2
Minority interest (dividends)	8,345	[redacted]	121.7
Net income	34,342	[redacted]	25.0
Number of carloadings	200,257	[redacted]	17.0
Tons hauled	14,672,412	[redacted]	21.5
Employees at year end	2,640	[redacted]	−0.8
Revenue per main track kilometre ($ thousands)	114	[redacted]	15.8

Source: British Columbia Railway Annual Report 1985.

Capital Expenditure

Total capital expenditure in 1985 was $45.5 million. Five new diesel locomotives were purchased at a cost of $8.3 million, $1.9 million was spent to complete the new diesel shop in Prince George, $3.4 million on a major tie program and $2.6 million on the continuing upgrade of the Tacheeda to Prince George mainline.

The railway's five-year plan calls for total capital expenditures of approximately $388 million between 1986 and 1990.

Government Assistance

In recognition of the railway's role as a vehicle for the development of northern British Columbia and as an operator of uneconomic services deemed to be in the provincial interest, the provincial government provides limited financial assistance to the railway. The provincial government provided operating grants of $6.6 million in 1985.

Insurance Corporation of British Columbia

The Insurance Corporation of British Columbia was established in 1973 under the *Insurance Corporation Act*, to administer Autoplan, a compulsory automobile insurance program providing basic liability coverage and accident benefits to all licenced motor vehicle owners in the province. In competition with other insurance companies, the corporation also offers a comprehensive range of optional automobile coverage.

The Insurance Corporation is self-supporting and endeavours to provide automobile insurance coverage at cost, with revenue and expenses in balance. Each year the premium rate structure is determined in advance, based upon anticipated claim costs, expenses and investment income.

In 1985, actual claim costs and expenses were less than expected and income from investments and premiums was greater than anticipated. The total revenue of the Insurance (Motor Vehicle) Act Fund reached $900.8 million, an increase of 6.8 per cent over 1984, while the costs of claims incurred and operating expenses decreased marginally from the previous year to $827.2 million. The fund reported a net income of $73.6 million, or 8 per cent of revenue. At the end of 1985, the unappropriated surplus in the fund was $10.9 million. As a result of 1985 experience and current expectations, the corporation has reduced 1986 premiums by an average of 6.5 per cent from 1985 levels. A summary of operating information is presented in Table 4.3.

Table 4.3

Insurance Corporation of British Columbia Operating Data

Fiscal year ended December 31,		1984	[redacted]	Change 1984–1985
				(per cent)
Vehicle policies		1,834,000	[redacted]	0.4
Premium income	($000)	715,254	[redacted]	3.8
Average premium	($)	361	[redacted]	2.8
Number of claims for policy year		448,000	[redacted]	7.6
Cost of claims incurred	($000)	660,353	[redacted]	−1.0
Unpaid claims	($000)	951,812	[redacted]	14.6
Expense ratio	(per cent)	15	[redacted]	—
Other expenses	($000)	173,369	[redacted]	—
Investment income	($000)	128,032	[redacted]	23.7
Investments at year end	($000)	1,125,965	[redacted]	20.8
Total assets	($000)	1,289,573	[redacted]	18.6
Net income	($000)	9,564	[redacted]	669.2
Average number of employees		2,366	[redacted]	−2.4

Source: Insurance Corporation of British Columbia Annual Report 1985.

The corporation continues to work jointly with government ministries and community organizations toward reducing the number and severity of traffic accidents in the province and toward increasing traffic safety awareness.

British Columbia Ferry Corporation

British Columbia Ferry Corporation was established in 1977 to assume responsibility for operation of the province's major coastal ferries. The corporation, which employs approximately 3,000 employees during the peak season, operates one of the largest ferry systems in the world, as measured by traffic carried and routes serviced. The fleet of 39 vessels operating on 27 routes has a capacity of 5,100 cars and a licenced capacity of 24,800 passengers. Routes connect the Lower Mainland, Sunshine Coast, Vancouver Island, the Gulf Islands and several island communities. In addition, service is offered between Prince Rupert and Port Hardy and between Prince Rupert and Skidegate on the Queen Charlotte Islands. Charter services for passengers and light freight are also provided for communities on the west coast of Vancouver Island and between Prince Rupert, Port Simpson and Kincolith, and between Vancouver Island and Lasqueti Island. Drop-trailer service for unaccompanied commercial vehicles is also provided between Prince Rupert and Skidegate.

During October 1985, the saltwater ferry services provided by the provincial Ministry of Transportation and Highways and the assets relating to the provision of these services were transferred to the British Columbia Ferry Corporation at a net value of $54.0 million. This transfer allows the Corporation to integrate the provincial saltwater ferry fleet and will result in increased efficiency in the operation of coastal ferries.

Operations

Estimated net operating revenue for the fiscal year ended March 31, 1986 totalled $125.7 million, an increase of 7.9 per cent from the previous year. Estimated operating expenses increased 16.7 per cent to $146.2 million. The operating costs of the corporation are partially funded by the provincial government. The provincial subsidy was $43 million in 1984/85 and $40 million in 1985/86. The corporation reported an estimated net loss of $16.7 million during 1985/86 compared to a net loss of $2.0 million for the previous year. The increased loss is partially attributable to losses associated with the new services provided since October 1985. A summary income statement is provided in Table 4.4.

The corporation has the authority to borrow up to $250 million, which may be guaranteed by the provincial government. At March 31, 1986 the corporation had $42.8 million of debt and $49.5 million in capital leases outstanding.

Capital Expenditure

During 1985/86 the corporation spent $64.0 million on capital projects. Of this amount $54.0 million was spent on acquisition of 13 ships and 25 terminal properties from the Ministry of Transportation and Highways and $2.6 million was spent to purchase the head office building in Victoria. Terminal improvements at Swartz Bay cost $1.6 million and the new dock facility at Snug Cove, Bowen Island cost $1.5 million. An additional $4.3 million was spent on upgrading various other terminals and on equipment.

Table 4.4

British Columbia Ferry Corporation Summary Income Statement and Operating Data

Fiscal year ended March 31,	1985	[redacted]	Change 1985–1986
	($ millio	[redacted]	(per cent)
Net operating revenue	116.5	[redacted]	7.9
Operating expense	125.3	[redacted]	16.7
Operating loss before subsidy	8.8	[redacted]	133.0
Provincial subsidy	43.0	[redacted]	−7.0
Income from operations	34.2	[redacted]	−43.0
Interest expense	5.2	[redacted]	38.5
Depreciation	31.0	[redacted]	−6.5
Net loss	2.0	[redacted]	735.0
Traffic	(thousan	[redacted]	
Vehicles	4,460	[redacted]	13.2
Passengers	11,913	[redacted]	13.3
Capacity utilization (annual average)	(per cen	[redacted]	
Vehicles	59	[redacted]	
Passengers	28	[redacted]	

Source: British Columbia Ferry Corporation.

British Columbia Transit

British Columbia Transit was established in 1978 to ensure a uniform provincial policy for urban transit. This policy provides for financial planning and technical assistance, and an equitable sharing of operating costs between the provincial government and local municipalities.

Commencing in April 1979, British Columbia Transit entered into operating agreements covering the provision of transit services in 13 municipalities. By April 1, 1986, this had grown to 52 agreements, including 23 conventional, 18 custom and 11 paratransit services operating in 37 municipalities throughout the province. Transit systems are financed through a funding formula which specifies the share covered from direct operating revenues (farebox, passes, advertising), a provincial contribution and a municipal contribution. The municipal contribution may be raised through a combination of property taxation, an electrical power levy and a gasoline surcharge in Greater Vancouver and Victoria, and through property taxation in the rest of the province.

An important part of British Columbia Transit's mandate is to provide a unified approach to such major transit functions as the management of land, buildings, vehicles and merchandising programs. This consists of a provincial fleet of 1,400 vehicles including 114 SkyTrain cars and, two Sea-bus ferries, and numerous other physical assets, including transit exchanges and garages.

A reorganization of transit responsibilities occurred in 1985. Under amendments to the *British Columbia Transit Act* enacted in 1985, all property, obligations, rights and staff functions of the Metro Transit Operating Company, the company which formerly operated the transit system in Greater Vancouver and Victoria, were transferred to British Columbia Transit.

British Columbia Transit has overall responsibility for the construction of a major urban transit project in Greater Vancouver. Phase I of the project, the 22 kilometre rapid transit line (SkyTrain) between downtown Vancouver and New Westminster was successfully commissioned on January 2, 1986, at a cost before interest charges of $854 million. Phase II from New Westminster to Scott Road, Surrey is scheduled for completion in 1990 at a cost before interest charges of $179 million.

British Columbia Transit also funds transportation for those who are unable to use conventional public transit vehicles. A custom transit service known as handyDART currently operates in Greater Vancouver, Victoria, Port Alberni, Maple Ridge, Abbotsford-Matsqui, Kamloops, Penticton, Kelowna, Vernon and Prince George. A third transit program, paratransit for rural and less densely populated areas, operates in nine communities.

Operating expenditure for 1985/86 was $195.5 million, an increase of 18.7 per cent from 1984/85. Expenditure was abnormally low during 1984/85 as a result of a labour dispute which lasted three months. Recoveries from transit operations during 1985/86 totalled $86.2 million, with the resulting deficit of $109.3 million being cost-shared by the participating municipalities and the provincial government (see Table 4.5).

Table 4.5

British Columbia Transit Statement of Operating Expenditures and Recoveries

Fiscal year ended March 31,	1985[1]	[redacted]	Change 1985–1986
	($ thou	[redacted]	(per cent)
Expenditures			
Transit operations	159,954	[redacted]	19.0
Administration	4,715	[redacted]	9.3
	164,669	[redacted]	18.7
Recoveries			
Contributions from the provincial government	65,384	[redacted]	14.7
Contributions from municipalities	42,367	[redacted]	– 18.9
Transit operations	56,918	[redacted]	51.4
	164,669	[redacted]	18.7

[1] British Columbia Transit operations were affected during 1984/85 by a labour dispute which lasted for three months.
Source: British Columbia Transit.

British Columbia Petroleum Corporation

The British Columbia Petroleum Corporation was established on November 8, 1973, as an agency of the Crown, under the *Petroleum Corporation Act.* Until July 1, 1985 the primary function of the Corporation was to market the natural gas produced in British Columbia by purchasing gas from producers and selling it to Westcoast Transmission Company Limited. Westcoast had the responsibility for gathering, processing and transporting the gas and for selling it to various domestic utilities and to the Northwest Pipeline Corporation in the United States. Westcoast retained its cost of service, including a return on its rate base, from the proceeds of gas sales and transferred the balance to the corporation.

Prior to the introduction of the new natural gas marketing system, the corporation deducted its administrative costs and payments to producers and transferred the remaining balance to the provincial government.

Under the new natural gas marketing system implemented on July 1, 1985 under the *Natural Gas Price Act*, gas producers in the province pay a direct royalty to the provincial government on the revenues they receive from the sale of gas and are also able to make their own marketing arrangements with buyers. As a result the corporation's role has changed substantially from a revenue collecting function to one of undertaking responsibilities in the administration of the new marketing system. The corporation continues to administer the contracts which it holds with producers for marketing gas through Westcoast Transmission Company Limited.

British Columbia Petroleum Corporation administers two funds: the Petroleum Corporation Fund and the Natural Gas Price Adjustment Fund. The Petroleum Corporation Fund reflects the activities of the corporation relating to the sales and purchases of natural gas and by-products prior to July 1, 1985. In addition, all payments for failure to take minimum annual volumes of gas and all recoveries of deficiency gas continue to be recorded in the Petroleum Corporation Fund.

During 1985/86, the Petroleum Corporation Fund reported net income of $1.7 million (see Table 4.6). An operating loss of $3.6 million was incurred primarily as a result of the delivery of natural gas for which payment had been received in prior years.

Table 4.6

Petroleum Corporation Fund: Statement of Revenue, Expenditure and Surplus

Fiscal year ended March 31,	1985	[illegible]
	($ thou	[illegible]
Revenue—gas sales	543,652	[illegible]
Expenses		
Gas purchases	404,889	[illegible]
Administrative and general expenses	1,945	[illegible]
	406,834	[illegible]
Income (loss) from operations	136,818	[illegible]
Other income	3,195	[illegible]
Net income	140,013	[illegible]
Add: Surplus at beginning of year	80,844	[illegible]
Deduct: Transfers to Provincial Treasury	87,000	[illegible]
Surplus at end of year	133,857	[illegible]

Source: British Columbia Petroleum Corporation Annual Report 1985/86.

The Natural Gas Price Adjustment Fund was established by the *Natural Gas Price Act*. Commencing July 1, 1985, all revenue from natural gas sales (less Westcoast cost of service) is paid into the Natural Gas Price Adjustment Fund for subsequent distribution to producers.

For the nine months ended March 31, 1986, total revenue of the Natural Gas Price Adjustment Fund was $449.9 million while total expenditure, including payments to producers, was $423.9 million. As a result the residual amount available for distribution to producers at March 31, 1986 was $26.0 million (see Table 4.7).

In March, 1986, the National Energy Board commenced a hearing regarding an application by Westcoast Transmission Company Limited for the setting of new tolls. British Columbia Petroleum Corporation participated in the hearing as an intervenor. It is anticipated that the Board will announce its decision in the late summer and, in the meantime, Westcoast Transmission is permitted to collect tolls on an interim basis.

Table 4.7

Natural Gas Price Adjustment Fund: Statement of Revenue and Expenditure

Nine months ended March 31, 1986	[redacted]
Revenue	
Natural gas, natural gas liquids and sulphur	[redacted]
Interest	[redacted]
Expenditures	
Gas purchases	[redacted]
Price adjustments	[redacted]
Payments for natural gas liquids	[redacted]
Administrative and general expenses	[redacted]
Residual amount available for distribution to producers	[redacted]

Source: British Columbia Petroleum Corporation Annual Report 1985/86.

Natural Gas Market

During 1985/86 total sales of natural gas declined by 0.9 per cent to 6,720 million cubic metres. Domestic sales increased by 1.1 per cent to 4,948 million cubic metres, while export sales sold through the corporation declined by 6.1 per cent to 1,772 million cubic metres. An additional 212 million cubic metres of British Columbia natural gas was exported by producers under direct sales arrangements.

The sale price of natural gas to domestic utilities averaged $99.67 per thousand cubic metres during 1985/86, an increase of 8.1 per cent from the previous year. The export price averaged $143.53 per thousand cubic metres during 1985/86, down 10.3 per cent from the previous year.

The natural gas industry in North America is currently faced with surplus capacity, severe competition from alternate fuels, static or declining markets and a movement in both the United States and Canada to deregulate much of the industry. In the United States a series of orders issued by the Federal Energy Regulatory Commission have resulted in a significant change in the way pipeline companies conduct their business. In future, pipelines will be required to transport other gas supplies as well as their own. The impact on British Columbia export sales is unclear, pending further developments in the process of deregulation.

In Canada the three western producing provinces and the federal government signed an agreement on October 31, 1985, committing them to deregulation of the natural gas industry in Canada by November 1, 1986.

British Columbia Development Corporation

British Columbia Development Corporation was established in 1973 to encourage economic growth and development in British Columbia by assisting in the establishment, expansion and continued operation of industry in the province.

The corporation has authorized capital of $200 million and a limit on its total guarantees, debt and capital structure of one billion dollars. At March 31, 1986 the issued share capital was $54.6 million and outstanding debt was $191.0 million.

The Business Finance Division of the corporation provides loans to industrial enterprises to assist in their establishment, expansion and continued operation. In the 1985/86 fiscal year, the corporation approved loans and guarantees to 225 clients, totalling approximately $154.7 million, to be used to partially fund total client investment expenditure of $383.8 million. Included in the approvals were 169 loans totalling $15.1 million under the Low Interest Loan Assistance (LILA) program, which is is administered by the corporation as trustee for the provincial government.

At March 31, 1986, the corporation's total loan portfolio was approximately $140 million.

Table 4.8

Activities of the Business Finance Division, British Columbia Development Corporation

Major Loan and Guarantee Approvals for year ended March 31, 1986 Industry Groups	Clients	Total Client Expenditure	[redacted]	Employment Created	Employment Preserved
Food and beverages	30	12.3	[redacted]	215	133
Wood products	26	236.0	[redacted]	890	334
Printing and allied industries	26	8.7	[redacted]	97	17
Metal products	46	18.4	[redacted]	287	—
Electrical apparatus	5	1.4	[redacted]	15	200
Scientific apparatus	4	66.4	[redacted]	256	—
Building products	22	5.5	[redacted]	105	38
Furniture	5	3.3	[redacted]	68	—
Plastic products	10	4.9	[redacted]	68	14
Clothing and allied industries	6	4.9	[redacted]	98	—
Miscellaneous manufacturing	18	19.4	[redacted]	152	70
Total by Industry Group	198	381.2	[redacted]	2,251	806
Refinancing of LILA[1]	27	2.6	[redacted]	—	—
Total	225	383.8	[redacted]	2,251	806

[1] During 1985/86 certain LILA loans that came due for repayment were refinanced with direct funds.

Source: British Columbia Development Corporation.

The corporation's Land and Projects Division undertakes special assignments to meet specific needs of the provincial government. The division is developing a 150-hectare industrial park and shipping terminal at Duke Point in Nanaimo and has undertaken major urban renewal programs in New Westminster (Westminster Quay) and North Vancouver (Lonsdale Quay), which will ultimately result in private and public sector investment of over $190 million and $140 million in the respective communities.

The corporation has industrial land holdings of more than 3,700 hectares throughout the province, as well as 1,620 hectares in land transferred in 1983 from British Columbia Harbours Board. The corporation also acts as agent in the provision of Crown land for suitable industrial purposes. At March 31, 1986 investment in industrial land and projects was $100.9 million.

Total revenue for 1985/86 was $16.4 million, a decrease of 38.0 per cent from 1985/86. This was due mainly to a decrease in land and development project sales. Expenses, including cost of land and projects sold, decreased by 14.8 per cent to $34.1 million. After providing $7.2 million for the write-down of land and development projects and $2.5 million for losses on loans, the corporation's net loss for the year was $27.4 million. A summary income statement for the corporation is provided in Table 4.9.

Table 4.9

British Columbia Development Corporation Summary Income Statement

Fiscal year ended March 31,	1985	[redacted]	Change 1985–1986
	($ thou	[redacted]	(per cent)
Revenue—Industrial development programs			
Land and development project sales	13,512	[redacted]	−62.0
Loan interest and guarantee fees	9,468	[redacted]	−17.2
Lease financing	717	[redacted]	−9.6
Other	2,755	[redacted]	0.6
Total	26,452	[redacted]	−38.0
Expenses	40,056	[redacted]	−14.8
Provision for write-down of land and development projects	22,933	[redacted]	−68.7
Provision for losses on loans	2,557	[redacted]	−3.3
Net loss for the year	39,094	[redacted]	−30.0

Source: British Columbia Development Corporation.

British Columbia Place Limited

British Columbia Place Ltd., incorporated in March, 1980, is responsible for the redevelopment of more than 73 hectares of land on the north shore of False Creek in Vancouver. Development is to take place over a 25-year period and will include a full range of residential accommodation, office and commercial space, a multipurpose stadium and more than 34 hectares of parks and other public activities. On completion, approximately 20,000 people are expected to live at British Columbia Place-False Creek in 10,000 to 14,000 housing units and 30,000 people will work in 7 million square feet of commercial space.

The Southeast Granville Slopes neighbourhood, the first phase of the False Creek development, was offered for lease in 1984 with residential, hotel and commercial opportunities. A 44-unit condominium building was completed in June 1986, while two more buildings (with a total of 90 condominium units) are scheduled for completion in early 1987.

The 130-bed intermediate care facility, Yaletown House, was ready for occupancy during the fall of 1985. This was a joint federal-provincial initiative with British Columbia Place providing the land package at less than market value in the Yaletown neighbourhood.

More than 70 per cent of the total False Creek lands is currently being used for Expo 86. British Columbia Place built the British Columbia Pavilion complex and has also managed the restoration of the former CPR Roundhouse.

The second phase of the False Creek project is the 22-hectare North Park neighbourhood which will be ready for development immediately after the world exposition. This area contains approximately 107,000 square metres of commercial potential (retail, office and hotel) and 167,000 square metres of residential potential (2,300 housing units).

In early 1986 British Columbia Place was given responsibility for managing and marketing the development of other Crown lands. These include the 728-hectare Westwood Heights project in Coquitlam, the 69-hectare Songhees Point in Victoria, the 644-hectare River Heights project in Coquitlam and 24 hectares (plus golf course and Blackcomb Benchlands) in Whistler.

A Public Facilities Division will oversee the new British Columbia Convention Centre, British Columbia Place Stadium, British Columbia Pavilion Complex, Expo Centre and Whistler Conference Centre.

The corporation reported a net loss of $4.6 million for 1985/86 compared to a net loss of $3.9 million for the previous year.

Expo 86 Corporation

Expo 86 Corporation is responsible for planning, developing and hosting the 1986 World Exposition on Transportation and Communications held in Vancouver from May 2 to October 13, 1986. Located on two sites totalling 70 hectares adjacent to downtown Vancouver, Expo 86 has a total of 64 major pavilions including those of 54 countries.

Most of the Exposition site is located on land which forms part of the larger British Columbia Place development. After the conclusion of Expo 86, any improvements to the site will revert to British Columbia Place Limited and form a part of its overall development strategy.

Permanent legacies will include the British Columbia Pavilion complex as a permanent community and exhibition centre, the Expo Centre, the historic Roundhouse, extensive foreshore and landscaping development and Canada Place, a trade and convention centre which has been constructed as the Canadian pavilion on Burrard Inlet.

Including all national, international and corporate participants, $1.5 billion is being spent to build and operate Expo 86.

Many on-site and off-site Expo-related jobs have been created, including those resulting from the 96 volunteer community committees working to actively promote Expo 86 and tourism in British Columbia.

Of the $1.5 billion being spent on Expo 86, the Corporation's share is budgeted at $802 million. The financial plan was based on an estimate of 13.75 million visits, yielding projected revenues of almost $500 million.

Expo 86 Corporation's remaining requirement of approximately $300 million will be met from funds committed by Lotto 6/49 through to the year 1989/90 and, if necessary, could be offset by tax revenues expected to be received by the provincial government as a result of Expo 86.

The results to date indicate that Expo 86 will be highly successful. Attendance surpassed 13.75 million visits on August 20, 1986. Expo officials now estimate that total attendance for the fair will be approximately 20 million, well in excess of the 13.75 million visits originally forecast.

British Columbia Steamship Company (1975) Ltd.

British Columbia Steamship Company (1975) Ltd. is incorporated under federal legislation and operates a daily, round-trip ferry service between Seattle, Washington, and Victoria, British Columbia, between May and September. The corporation's sole vessel, the 'Princess Marguerite', is licenced to carry 1,800 passengers and 50 automobiles.

In 1985, the company reported a net loss of $980,000 after depreciation and interest, compared to a net loss of $500,000 in 1984.

During 1985, traffic carried totalled almost 300,000 passengers and 15,000 automobiles.

British Columbia Housing Management Commission

In 1985, British Columbia Housing Management Commission was responsible for managing 7,723 rental units, in which subsidies were provided to reduce rents to 30 per cent of tenants' incomes. Similar rent supplements were also made available to 10,654 non-profit and designated private sector housing units. This included 596 units for housing physically and mentally disabled persons.

The provincial contribution to the commission in 1985 was $14.6 million, while the Canada Mortgage and Housing Corporation contributed $19.4 million.

Provincial Rental Housing Corporation

The Provincial Rental Housing Corporation, which was acquired in 1973, is incorporated under the *Company Act* and is wholly owned by the provincial government. The corporation is self-supporting and holds all public rental housing on behalf of the provincial government. At December 31, 1985 net investment by the corporation in these rental properties totalled $74.9 million.

British Columbia Buildings Corporation

British Columbia Buildings Corporation is a Crown corporation established in 1976 to bring strict accountability to the provision and allocation of government accommodation. The corporation is self-supporting, raising operating funds by charging rent to government ministries based on equivalent rates in the commercial marketplace.

Net income of the corporation in 1985/86 was $3.2 million, compared to $4.4 million in the previous year. Net income was reduced as a result of a combination of a decrease in occupancy revenue, increased interest costs and inflation. These negative factors were partially offset by a reduction of the vacancy factor by almost 20 per cent and the subsequent disposal of 94 properties.

The corporation's income statement is presented in Table 4.10

Table 4.10

British Columbia Buildings Corporation Summary Income Statement

Fiscal year ended March 31,	1985	[redacted]	Change 1985–1986
	($ mi	[redacted]	(per cent)
Revenue			
Rentals	216.4	[redacted]	−0.4
Other income	17.9	[redacted]	6.1
	234.3	[redacted]	—
Expenses			
Property management	58.7	[redacted]	−2.6
Leases	44.5	[redacted]	2.0
Depreciation and amortization	26.1	[redacted]	1.5
Utilities	16.8	[redacted]	−3.0
Property taxes and grants	10.8	[redacted]	3.7
General and administrative	10.0	[redacted]	−11.0
	166.9	[redacted]	−0.8
Net income before interest	67.4	[redacted]	2.4
Interest	63.0	[redacted]	4.4
Net income	4.4	[redacted]	−27.3

Source: British Columbia Buildings Corporation.

British Columbia Systems Corporation

British Columbia Systems Corporation was established in 1977 to consolidate and rationalize data processing services to the government. In 1985/86, the corporation received 95 per cent of its revenues from provincial government ministries and the balance from other government entities for which it provides data processing services.

The corporation has recently undertaken a major restructuring and review of its mandate. As a result, it has been concluded that the corporation's entire focus is to be on the provision of services to its clients. Its former role with respect to the control of government expenditure on computer systems has been transferred to the Ministry of Finance.

Data processing services provided by British Columbia Systems Corporation include shared computer processing services, data communications network services, and professional services. While the corporation's professional services include systems management services, maintenance and enhancement of computer applications, and technical support in certain specialized areas, virtually all systems development work for the government is now done by private sector firms.

As a demonstration of its new service orientation, the corporation announced a general price decrease of approximately 20 per cent effective April 1, 1986.

British Columbia Systems Corporation reported net income of $2.7 million in 1985/86 compared to a loss of $1.4 million in the previous year.

British Columbia School Districts Capital Financing Authority

As the marketing agency for the capital funding requirements of school districts, this authority raised $16.2 million in the 1985/86 fiscal year. The net debt outstanding at March 31, 1986 was $912.5 million.

British Columbia Regional Hospital Districts Financing Authority

As the marketing agency for the capital funding requirements of regional hospital districts, this authority raised $14.0 million in the 1985/86 fiscal year. The net debt outstanding at March 31, 1986 was $712.3 million.

British Columbia Educational Institutions Capital Financing Authority

The authority is the marketing agency for the capital funding requirements of universities, colleges and provincial institutes. Borrowing of $12.5 million was undertaken in the 1985/86 fiscal year. The net debt outstanding at March 31, 1986 was $393.3 million.

Liquor Distribution Branch

The Liquor Distribution Branch of the Ministry of Consumer and Corporate Affairs, purchases, distributes, and merchandises alcohol beverage products in the province of British Columbia in accordance with the *Liquor Distribution Act*. The Branch's corporate objectives are to provide a high level of customer service, generate revenue for the government, provide suppliers with equal access to the marketplace, and to encourage responsibility in the use of alcohol.

During 1985/86 the Branch closed one store, replaced one store, and renovated 18 stores. At March 31, 1986 there were 215 government liquor stores, 102 rural agency stores and 25 industry agency stores. In addition, the Branch has financial agreements with 17 licensee retail stores.

Approximately 2,200 products, including specialty items, were offered for sale.

Net income of the Liquor Distribution Branch increased to $397.1 million during 1985/86, up 12.3 per cent from the previous fiscal year. Summary financial information is presented in Table 4.11.

Table 4.11

Liquor Distribution Branch Summary Income Statement

Fiscal year ended March 31,	1985	[illegible]	Change 1985–1986
	($ mil	[illegible]	(per cent)
Sales	887.2	[illegible]	5.6
Cost of merchandise sold	483.3	[illegible]	2.9
	403.9	[illegible]	8.7
Provincial malt levy[1]	51.0	[illegible]	22.7
	454.9	[illegible]	10.3
Operating expenses	103.1	[illegible]	3.6
	351.8	[illegible]	12.3
Other income	1.9	[illegible]	10.5
Net income	353.7	[illegible]	12.3

[1] The provincial malt levy represents the margin on sales made directly to licensed establishments by authorized brewers' agents on behalf of the Liquor Distribution Branch and the margin on sales by public houses authorized to brew and sell their own beer directly to the public.

Source: Liquor Distribution Branch.

British Columbia Lottery Corporation

The British Columbia Lottery Corporation was established April 1, 1985 to assume responsibility for the conduct and management of lottery games within British Columbia and to cooperate with other provinces in the conduct and marketing of national and regional games.

The corporation, which has its headquarters in Kamloops, employs over 300 persons throughout the province. The corporation currently offers seven lottery games: the Pacific Express, Lotto BC and Instant Lottery games which are conducted solely by the corporation; Lotto West, a regional game, which is offered in conjunction with the Western Canada Lottery Corporation; and the Provincial, Super Loto, and Lotto 6/49 lottery games which are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation. The corporation's products are made available to the public through a network of approximately 2,500 licenced retailers throughout British Columbia.

Operations

Net income for the fiscal year ending March 31, 1986 totalled $113.2 million. Of this amount, $104.1 million was paid to the provincial government and $9.1 million to the federal government.

Net income was derived from total lottery sales of $330.1 million less total expenses of $216.9 million, including prizes of $150.8 million, retailer commissions of $18.7 million and operating expenses of $47.4 million.

Capital Expenditure

The corporation purchased fixed assets totalling $29.4 million in 1985/86. Of this amount, $13.0 million was spent for an additional 1,600 point of sale terminals, $7.2 million for computer hardware, $6.4 million on leasehold improvements and $2.6 million on equipment and furniture.

Table 4.12

British Columbia Lottery Corporation Summary Income Statement

Fiscal year ended March 31,	[illegible]
Lottery sales	[illegible]
Direct expenses	
Prizes	[illegible]
Retailer commissions	[illegible]
Sales less direct expenses	[illegible]
Operating expenses	47.4
Net income	[illegible]
Distribution of net income	
Government of Canada	[illegible]
Province of British Columbia	[illegible]
	[illegible]

Source: British Columbia Lottery Corporation.

Provincial Capital Commission

Since its origin in 1956 the Commission has expended or committed in excess of $8 million on improvement projects in cooperation with the municipalities of Victoria, Esquimalt, Saanich, Oak Bay, Sidney, North Saanich and Central Saanich.

Of the 92 projects undertaken over the past 29 years, 28 have involved the Victoria Inner Harbour where investment has exceeded $3.75 million. Other projects of note include involvement with major parts of the Scenic Drive, the Gorge Waterway, Bowker Creek, the Colquitz River Park and Beacon Hill Park.

Major ongoing responsibilities include operation of the Crystal Garden and St. Ann's Academy in Victoria.

5. Provincial Programs for People

Provision of Social Services

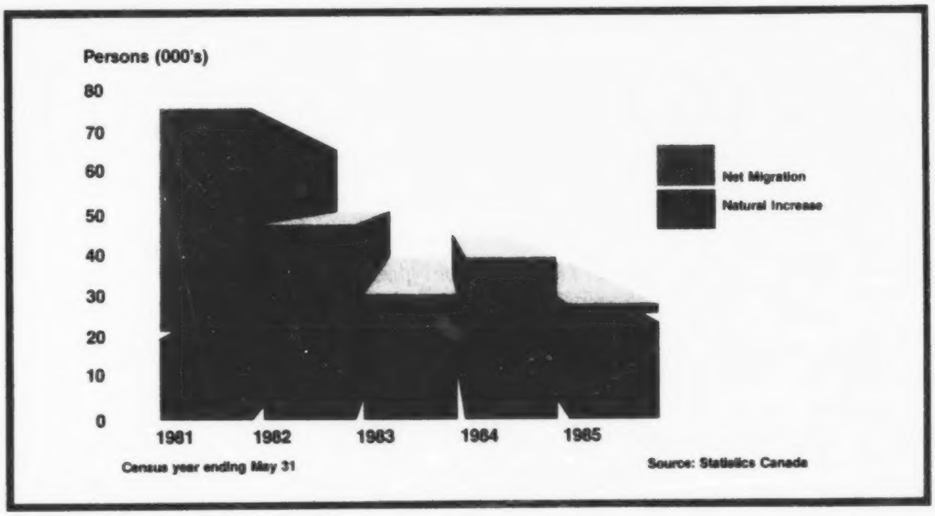
The provincial government provides a wide range of social services, including programs for health, education, income assistance, housing, justice, recreation and culture. The cost and type of programs provided are strongly influenced by the size of the provincial population and by its demographic characteristics. Changes in the age structure and size of the population affect the education system, health-care requirements, the need for shelter, job retraining needs, programs for the elderly and a range of other government services.

Population and Migration

British Columbia's population at June 1, 1985 was estimated at 2,884,700, up 0.9 per cent from the previous year. The population of Canada as a whole also increased by 0.9 per cent over this period.

Traditionally, British Columbia has experienced population growth well above the national average. The province's population grew at an average annual rate of 2.0 per cent between 1971 and 1985, compared to a 1.2 per cent annual rate for Canada. As a result, the province's share of national population increased from 10.1 per cent in 1971 to 11.4 per cent in 1985.

Chart 5.1 Components of British Columbia Population Change



Census year ending May 31

Source: Statistics Canada

Migration tends to be the dominant factor influencing population growth in British Columbia. Over the 1971 to 1985 period, migration accounted for 60 per cent of the total population growth, with natural increase (births minus deaths) contributing 40 per cent. As seen in Chart 5.1, there have been significant variations in the relative importance of migration in the year by year population changes. During the 1985 census year, migration accounted for only 11 per cent of the annual population growth, down from 73 per cent in 1981.

Interprovincial migration, rather than international migration, tends to dominate the migration component, accounting for approximately 57 per cent of the net population change through migration over the 1971 to 1985 period. During the 1985 census year a net outflow of 2,300 persons to the rest of Canada was recorded.

This net outflow, primarily to Ontario is the major reason for the low population growth rate experienced during 1985, and largely results from the relative difference in unemployment rates between British Columbia and other provinces, especially Ontario.

Net international migration has also declined in recent years, falling to 5,100 during the 1985 census year from a high of approximately 18,000 during 1981. The combined effect of the international and interprovincial migration was a net inflow of 2,800 people to the province in the 1985 census year.

Natural increase for the 1985 census year showed a slight increase over 1984. Births increased from 43,000 during the 1984 census year to 43,900 in 1985. Deaths also increased from 20,100 during the 1984 census year to 20,900 in 1985.

Demographic Structure

Changes in birth rates over the past twenty-five years have had an important impact on the demographic structure of the province. Much of the variation in the number of persons in each age group is directly attributable to the effects of the post-war baby boom; that is, of the population born between 1946 and 1959.

In 1985, the group aged 20 to 39 in British Columbia comprised an estimated 25.4 per cent of the population. By contrast, in 1971 the same age group comprised only 19.2 per cent of the population. During the same period, the percentage of persons aged 5 to 14 fell from 19.9 per cent to 13.2 per cent of the province's population.

This passing of the baby boom group through the province's demographic structure has significantly affected the demands for public services. In the late 1960's and early 1970's, the large proportion of the population accounted for by this group led to increased pressure on educational institutions. As the baby boom group has aged and entered the labour force, the demand for educational facilities has been temporarily reduced while the requirement for manpower planning and job retraining has increased. As the baby boom group ages, it can be anticipated that there will eventually be an increased need for long-term care and health related services.

Health Programs

In the 1985/86 fiscal year, almost $3.0 billion was allocated to provincial health programs, including planning and development programs for 28 regional hospital districts and community health service programs in 21 health units. The Ministry of Health funds 119 public hospitals, 12 Diagnostic and Treatment Centres, 6 Red Cross Outposts, and three government institutions in the province, and operates medical insurance and other related programs.

Hospital Programs

The 1985/86 gross operating expenditure for the province's acute care, rehabilitation and extended care hospitals was approximately $1.5 billion. This expenditure was funded almost entirely through direct provincial government contributions, with the exception of receipts from such charges as co-insurance fees assessed to patients, per diem fees billed to other provinces and payments by the Medical Services Plan.

During 1985/86 approximately 417,000 acute/rehabilitation patients were discharged from the province's hospitals. The average hospital stay was 7.6 days at an average cost of $338 per day. Acute/rehabilitation patients received a total of 3.3 million days of care, 97 per cent of which were covered by hospital benefit programs. The average hospital stay for an extended care patient was 408 days at a cost of $88 per day in a free-standing extended care facility, and $70 per day in an extended care unit of an acute/rehabilitation hospital. Extended care patients received 2.5 million days of care.

In 1985/86, 3 major hospital capital projects were completed at an estimated cost of $36 million. The largest of these was the completion of the Laurel Street Project (acute care redevelopment) at Vancouver General Hospital. Five projects are currently under construction involving a capital cost anticipated at $23 million. A further 14 projects, with an estimated total cost of $138 million, have been approved for planning and construction. These capital costs are normally shared by the provincial government and the regional hospital districts, with the government contributing approximately 60 per cent of the approved costs. A total of $36 million was allocated for hospital equipment acquisition during 1985/86.

Medical Services Plan

The Medical Services Plan of British Columbia provides comprehensive medical care coverage on a voluntary basis to residents of the province. The basic coverage includes services by physicians and surgeons, certain in-hospital surgery performed by oral or dental surgeons and specified, limited services of nurse practitioners, chiropractors, naturopathic physicians, optometrists, orthoptic technicians, physiotherapists, podiatrists and orthodontists.

The Medical Services Plan is financed through subscribers' premiums and provincial contributions. (Premium rates are listed in Appendix 5.) Total expenditure of the Medical Services Commission during 1985/86 was $916 million. Approximately 39 per cent of the expenditure was met from subscriber premiums with the balance obtained from provincial government contributions, including premium assistance for low-income residents of the province. Premium assistance is available in the form of a 90 per cent subsidy to eligible subscribers whose taxable income in the previous year was below $2,060 and a 50 per cent subsidy to those whose taxable income was between $2,060 and $3,160. In addition, temporary premium assistance in the form of a 90 per cent subsidy is available to those unable to meet premium charges due to illness, disability, unemployment or financial hardship.

At March 31, 1986, the Medical Services Plan covered more than 1.3 million subscribers with approximately 1.5 million dependents. Coverage of these persons, and coverage by the federal government of other residents such as Armed Forces personnel, provided more than 99 per cent of British Columbians with the protection of prepaid medical care programs.

Preventive Services

Health districts in non-metropolitan areas throughout the province offer a wide range of preventive and public health services. Public health nursing, dental care, speech and hearing services, communicable disease control, public health inspection services and nutrition and health promotion services are made available to all residents of the province through schools, clinics and other community settings. The Capital Regional District and five Greater Vancouver municipalities each operate their own public health departments which receive consultative and specialized services, as well as financial assistance, from the provincial government. These preventive services include, and are supported by, laboratory and other resources operating from Vancouver. During 1985/86, expenditures totalled $60 million.

Continuing Care Program

The Continuing Care Program is available throughout the province to persons who, as a result of health-related problems, can no longer function independently. The Home Care Program is designed to help eligible individuals remain in their own homes, and provides care to persons discharged from acute care hospitals. When this is no longer possible, admission to a community care facility or extended care hospital is initiated. The program funds profit and non-profit long term care facilities. During 1985/86, Continuing Care Program expenditure was approximately $297 million.

At March 31, 1986, there were 16,770 residents in long-term care facilities and 6,640 residents in extended care units. During 1985/86, the Home Nursing Care and Community Physiotherapy programs provided services to approximately 43,900 patients. During the same period 33,000 long-term care clients received a total of 4.9 million hours of service through group homes for the disabled, adult day-care or homemaker agencies.

Emergency Health Services Commission

The Emergency Health Services Commission is responsible for the provision of ground ambulance service, coordination of air ambulance service and training of ambulance personnel. The commission is empowered under the *Health Emergency Act* to establish, equip and operate various emergency health care services, provide temporary physician coverage, and improve communication systems for emergency health services.

The commission currently operates 357 ambulances from 186 centres throughout the province. In addition, the commission has contracts with 20 fire departments to provide localized ground ambulance service. In 1985/86 the commission

THE FUND FOR EXCELLENCE IN EDUCATION AND THE HEALTH IMPROVEMENT FUND

The Fund for Excellence in Education and the Health Improvement Fund were established in the March 20, 1986 budget with five basic themes:

- Stabilizing base funding for educational institutions and health care providers;
- Encouraging local initiative;
- Improving the quality of services;
- Responding to economic and population changes; and
- Increasing productivity.

The Fund for Excellence in Education has been allocated a minimum of $600 million over three years, with $110 million available in 1986/87. The Health Improvement Fund has been allocated a minimum of $720 million over three years, with $120 million available in 1986/87.

The establishment of the Funds has been combined with a commitment to stable base funding for health and education during the three-year period.

Local trustees, boards and officials will be responsible for initiating proposals for incremental spending, possibly in partnership with private industry, employee associations and other community groups. The maximum possible degree of local consensus will be sought. The government will provide guidance in developing proposals and will evaluate and allocate funds to specific proposals on a competitive basis.

Fund for Excellence in Education

- **Schools**

  Funds were allocated for adjustments to school funding formulas to compensate for increases in costs of transportation, energy and supplies. Additional funding was provided for special education, and for increases to teachers' salaries granted in 1985/86. These adjustments will cost $24.2 million in the 1986/87 fiscal year. The Fund will also provide an extra $6.15 million for school textbooks and small remote secondary schools will receive funds for specialized learning resources, including computer-assisted instruction. Individual school districts will receive $12 million for a variety of special initiatives, ranging from Pacific Rim studies in West Vancouver to computer design and drafting equipment for the Nishga school district.

  The total allocation for schools for 1986/87 is $42.7 million.

- **Colleges and Institutes**

  Funds were provided for adjustments which added $15 million to the budgets of colleges and institutes to cover inflation in costs other than wages, enrollment growth, business development centres, new programs, a study to develop multiple campuses for some colleges, additional equipment and other costs.

  In addition the Fund will finance a major upgrading of computer and other equipment. There will be special projects throughout the college system including: agriculture technology equipment for Fraser Valley College; a pilot project at Malaspina College to increase education productivity by the use of new technology; and a program in entrepreneurial manufacturing at Northern Lights College.

  The total allocation for colleges and institutes for 1986/87 is $27.9 million.

- **Universities**

  Funds were allocated for the expansion of engineering programs at the three universities at a cost of $5.9 million and $18.6 million was provided to buy additional equipment, supplies and library materials to meet other operating needs, and to promote faculty development. Part of these funds will be used to improve the remuneration of the best teachers and scientists, to encourage early retirements and to attract highly qualified people to teach and do research in British Columbia.

  Another $5.2 million has been allocated for special initiatives, including centres of excellence in computing science, forestry, international business and finance, film writing and directing and Pacific Rim studies.

  The total allocation for universities for 1986/87 is $30.9 million.

- **Student Aid**

  The amount allocated for student aid will be more than doubled to $11.9 million in 1986/87. These funds will pay for an increased number of scholarships and accommodate additional demands in the student loan program, as well as pay for new programs designed to help needy students, and to reward the top students in the province.

  The total allocation from the fund for student aid for 1986/87 is $7.4 million.

- **Distance Education**

  The Knowledge Network will receive $920,000 to meet additional operating needs and to pay for new equipment and programming, and additional funds will be provided for the new Open Learning Authority.

  The total allocation for Distance Education for 1986/87 is $1.1 million.

Health Improvement Fund

Spending priorities for the Health Improvement Fund are being determined by a process of consultation with community groups. Although funding decisions have yet to be finalized it is expected that the 1986/87 allocation of $120 million will be fully spent.

Several areas have been identified for possible funding. In order to improve the quality of hospital care, additional funding could be provided for greater numbers of transplants, new drugs, advanced cancer treatment and AIDS therapy. In conjunction with new procedures and therapies, funding could be provided to open and operate new hospital beds.

Preventive programs to help people maintain good health are expected to be a high priority, as well as care programs that enable patients to be treated outside a hospital setting.

Proposals are invited that address the cost pressures on the health care system caused by increases in population, especially in older age groups. New approaches and an emphasis on home care and out-patient services will be favourably regarded. Ideas which will reduce utilization through new preventive measures are also encouraged.

responded to 220,862 land calls, including hospital transfers and authorized 4,731 air ambulance flights. Expenditure of the commission during 1985/86 was approximately $56 million.

Forensic Psychiatric Services Commission

The Forensic Psychiatric Services Commission provides consulting and assessment services to the courts and treatment to mentally disordered persons referred by court order. The commission operates the Forensic Psychiatric Institute in Port Coquitlam, clinics in Vancouver and Victoria and travelling clinics throughout the province. The commission also operates the Maples Adolescent Treatment Centre, a facility for psychiatrically disturbed adolescents. In 1985/86 expenditure of the commission totalled $16 million. The average daily caseload during 1985/86 was 464.

Mental Health Services

The Mental Health Services Program provides a wide range of support to residents with mental health problems. Direct services are delivered through Riverview Hospital, Valleyview Hospital, Burnaby Psychiatric Services, 31 mental health centres and 20 sub-offices throughout the province. The division also coordinates related services delivered through other branches and ministries as well as through private agencies, including therapeutic work and volunteer programs and achievement centres. It also administers a grant to the Greater Vancouver Mental Health Service. In 1985/86, there were approximately 26,400 cases treated on an in-patient and out-patient basis, and 616,671 patient days in specialized mental health residential care facilities. Expenditure of the Mental Health Services Program during 1985/86 was $110 million.

Alcohol and Drug Programs

Alcohol and drug programs provide a full range of treatment to individuals who suffer from alcohol or drug dependency. The ministry administers out-patient and detoxification services in many centres. Where treatment services cannot be offered directly, the program provides funding to community agencies to deliver treatment. Expenditure on alcohol and drug programs during 1985/86 was approximately $20 million.

Education Programs

The British Columbia public school system encompasses all grades from kindergarten to grade 12, with free tuition. Kindergarten is available for children five years old in most school districts but is not compulsory. Public school attendance, or a satisfactory alternative, is compulsory for children between seven and fifteen years of age. The length of the school term normally is between 195 and 200 days per year.

The Ministry of Education provides overall management of the school system, while direct administration is provided by local boards of trustees in the province's 75 school districts. There are 1,519 public schools in the province, including 1,147 elementary schools, 98 combination elementary/secondary schools and 274 secondary schools with approximately 487,000 pupils.

Funding for public school education is provided by the provincial government out of general revenue as well as amounts raised through property taxation. During 1985/86 Ministry of Education contributions to public school education were approximately $1.6 billion including:

- contributions from provincial government general revenue to school district operating budgets of $533 million;
- contributions to school districts from the non-residential property tax levy totalling $576 million;
- contributions for the provincial share of interest and sinking fund charges for capital construction projects and equipment purchases for schools of $110 million;
- contributions, on behalf of all school districts, to cover the employer's contribution to the Teachers' Pension Fund and the employer's portion of medical and dental expenses for retired teachers totalling $105 million; and
- grants to homeowners totalling $230 million to reduce residential property taxes levied directly by school districts.

School districts raised an additional $435 million ($205 million net of provincial government homeowner grants) through residential property taxation to fund public school education in the province.

In addition, the provincial government provided $27 million during 1985/86 to 169 independent schools with approximately 26,000 pupils.

Universities, Colleges and Institutes

There are three publicly funded universities in British Columbia — the University of British Columbia located in Vancouver, the University of Victoria located in Victoria and Simon Fraser University located in Burnaby. These universities offer a wide range of courses in undergraduate, graduate and professional programs. Approximately 35,000 full-time and 16,000 part-time students were enrolled during the fall of 1985. Funding for universities is provided by the provincial government (approximately 80 per cent of the total), tuition fees (16 per cent) and other revenue (4 per cent).

During 1985/86, $330 million in grants from the provincial government were provided to the university system in British Columbia.

British Columbia also has an extensive system of non-university post-secondary education providing academic, technical, vocational, career and artistic programs through 15 community colleges located throughout the province and through five institutions, including the Open Learning Institute, which provides long-distance education for students unable to attend other institutions. During 1985/86 there were approximately 38,000 full time and 35,000 part time students attending these centres. Funding for colleges and institutes is provided by the provincial government (approximately 84 per cent of total), tuition fees (13 per cent) and other revenue (3 per cent).

During 1985/86, the provincial government provided approximately $311 million to community colleges and institutes.

The provincial government also provides financial assistance to college, institute and university students in the form of scholarships and loan guarantees. During 1985/86, approximately $5 million was provided in the form of grants. At March 31, 1986 over $17 million in loans to students had been guaranteed by the provincial government.

Social Services Programs

The Ministry of Human Resources delivers a wide range of social services and income security programs to assist the elderly, the handicapped, and people requiring income assistance or social support.

Income Assistance

Income assistance is provided to eligible British Columbia residents between the ages of 19 and 64 who cannot provide the necessities of life for themselves and their dependents. The program also provides an assured minimum income for eligible handicapped persons and senior citizens. In March 1986, income assistance was provided to 147,601 persons, and to their 108,134 dependents. The total cost of income assistance in the 1985/86 fiscal year was approximately $883 million, down slightly from the previous year.

Pharmacare

The Pharmacare program provides prescription drugs at no charge to senior citizens, residents of long-term care facilities and income assistance recipients. The program also reimburses all other British Columbia residents for 80 per cent of eligible pharmacare expenses exceeding $200 in a calendar year. Total expenditure for the program in 1985/86 was $139 million.

Family and Children's Services

The Ministry of Human Resources provides services for families and children including adoption services, child protection services, foster care and family support services such as homemaker services for the care of children. In 1985/86, expenditure totalled $101 million.

Rehabilitation and Support Services

The Ministry of Human Resources offers numerous rehabilitation and support services. Total expenditure for these services during 1985/86 was $150 million. Services include residential care, self-help skills training and achievement centres for mentally handicapped adults, subsidized and special needs day-care and a range of job preparation programs for income assistance recipients. Under the Community Projects Funding Program, the ministry assists non-profit societies which provide social services in local communities. In 1985/86, $5 million was provided to community projects and $40 million was allocated for the provision of community residential care for the handicapped. Expenditure for special programs for the retarded, which includes Glendale, Alder Lodge and Woodlands institutions, totalled $67 million.

Services for Seniors

Many of the programs administered by the Ministry of Human Resources provide services for the province's senior citizens. Included are SAFER, subsidized bus passes and counselling services.

The SAFER (Shelter Aid for Elderly Renters) program provides renters aged 65 and over with monthly shelter aid payments equal to 75 per cent of the amount by which their rent, up to a maximum eligible amount of $330 for a single person

SERVICES FOR SENIORS

Existing Programs

The provincial government provides a variety of programs for senior citizens to support and enhance their independence, well-being and health. Total 1985/86 expenditure for services to seniors is estimated at approximately $1.12 billion. Important programs for seniors are as follows.

- **GAIN for Seniors Supplement**

  This program provides a guaranteed minimum income to those seniors in receipt of the federal government's old age security, guaranteed income supplement and spouse's allowance. Program recipients as of March 1986 were 44,547 and expenditure in 1985/86 was $16.7 million.

- **SAFER (Shelter Aid for Elderly Renters)**

  This program provides assistance to offset rental costs to old age security recipients living in rental accommodation. In March 1986, 9,255 persons qualified for SAFER benefits. Total program expenditure was $8.0 million during 1985/86.

- **Bus Pass Program**

  This program provides subsidized bus passes to aid and encourage the mobility of eligible low income senior citizens and recipients of GAIN handicapped benefits. Total program expenditure for 1985/86 was $4.4 million.

- **Pharmacare**

  This program provides prescription drugs at no charge to senior citizens, residents of long-term care facilities and income assistance recipients. Total program expenditure for seniors in 1985/86 was approximately $93.1 million.

- **Seniors Housing**

  The government encourages the provision of housing for senior citizens through locally sponsored non-profit societies and private sector participation. In 1985/86, grants of approximately $1.5 million were paid to non-profit societies to assist in the construction of housing for seniors.

- **Land Tax Deferment Program**

  The Land Tax Deferment Program enables elderly citizens, widows, widowers and certain handicapped persons to defer property taxes on their ordinary place of residence. In 1985/86, 2,768 persons benefited from this program.

- **Health Programs**

  While senior citizens constitute only 11 per cent of British Columbia's population it is estimated that approximately 38 per cent, or $1 billion, of the 1985/86 health budget was spent on health services for seniors. The following table provides details by program for 1985/86.

	Seniors' Utilization Rate	Estimated Cost of Senior Services
	%	($ Million)
Acute Care	40	440
Extended Care	85	183
Continuing Care	85	249
Medical Services Plan	20	106
Emergency Health Services	40	20
Mental Health	15	4
		1,002

As the preceding table indicates, the Continuing Care and Extended Care Programs are almost exclusively used by senior citizens. The Continuing Care Program is available throughout the province to seniors and others who, as a result of health-related problems, can no longer function independently. The Home Care Program of Continuing Care is designed to help eligible individuals remain in their own homes, and provides care to persons discharged from acute care hospitals.

Changing Demographics

Forecasts to the year 2000 suggest that although the general population is projected to grow at 1.4 per cent per annum, the elderly population, those over 65 years of age, will grow at an average annual rate of 2.6 per cent.

In 1981 the elderly represented nearly 11 per cent of a population of 2.7 million. By the year 2000 they are forecast to represent 14 per cent, and by the year 2012, 17 per cent of the total provincial population.

Future Directions

The increase in the number of seniors in British Columbia will require more services, especially in health care areas such as long term and extended care beds, homemaker services and daycare. To keep health care costs within the province's ability to pay new innovative programs will have to be developed. Such programs will recognize the special needs of seniors and assist them to meet as many of these needs as possible, while promoting greater use of community resources.

and $365 for a couple, exceeds 30 per cent of income. In March 1986, 9,255 persons qualified for SAFER benefits. Expenditure on the program was $8 million in the 1985/86 fiscal year.

Housing and Land Development

During 1985/86, through regional offices in Burnaby, Victoria, Cranbrook, Prince George, Kamloops, Williams Lake, Fort St. John and Smithers, the Ministry of Lands, Parks and Housing was responsible for the administration and disposition of Crown land. The ministry also encouraged the provision of housing for senior citizens and disabled persons through locally sponsored non-profit societies and private sector participation. The government reorganization of August 14, 1986 transferred the responsibilities of the ministry to a number of other government ministries (see topic box entitled Government Reorganization for details).

Provincial Home Acquisition Account (1967)

This special account is the source of funds for loans and grants issued under the Home Purchase Assistance and Rental Conversion Loan programs.

The Home Purchase Assistance Program provides second mortgages of up to $10,000 to eligible purchasers of new or used homes with values within prescribed price limits. In 1985/86, 6,735 mortgages were issued totalling $61 million.

The Rental Conversion Loan Program was established to provide first and second mortgages of up to $25,000 per new unit created through the conversion of single family homes, industrial, or commercial property to rental accommodation. In 1985/86, five loans totalling $763,000 were issued to create 35 new rental units.

During 1985/86 the Provincial Home Acquisition Account earned interest of $35.6 million. Total expenses of the account were $2.5 million. As of March 31, 1986 the account balance was $375.7 million, consisting of $243.5 million in mortgages and $132.2 million in cash and temporary investments. Mortgages and grants issued from 1967 to date are shown in Table 5.1.

Table 5.1
Provincial Home Acquisition Account (1967)

	Number	Value
		($ millions)
Second mortgage loans	142,235	684.9
Home acquisition grants	191,345	189.4
Leasehold and conversion mortgages	1,028	30.1
Total	334,608	904.4

Crown Land Account (1979)

This special account provides financing on a recoverable basis for the acquisition, servicing and development of land for residential, recreational, agricultural and commercial purposes as well as financing for interest reduction loans to homeowners under the B.C. Home Program. The account also provides for non-recoverable expenditures for park land acquisition, park capital maintenance and development, ecological reserves and operating costs in support of Crown land and residential land development programs.

British Columbia Home Program

The B.C. Home Program provided interest-free loans over the 3 years 1982 to 1985 to reduce the effective interest rate on the first $60,000 of residential mortgage debt to 12 per cent. These interest reduction loans were available until September 30, 1985 and are repayable on September 30, 1986. In 1985/86 interest reduction loans totalling $4.1 million were paid to 8,500 home owners. To encourage early repayment of the loans a 10 per cent discount was available for loans repaid between February 4 and April 30, 1986. Approximately 18,000 borrowers repaid $29 million, earning $2.9 million in discounts.

Senior Citizens' Housing

In 1985/86 grants of approximately $1.5 million were paid to non-profit societies to assist in the construction of housing for senior citizens. During the year 13 projects containing 127 units were completed. To date, more than 20,000 units have been constructed under this program, primarily under non-profit society management.

Housing for the Disabled

Non-profit societies received almost $1 million in grants during 1985/86 to assist in the purchase/ renovation or construction of 13 projects which will provide accommodation to 109 disabled persons. Rent subsidy payments were initiated for 10 societies to assist 42 disabled individuals.

Land Tax Deferment Program

The Land Tax Deferment program is administered in accordance with the *Land Tax Deferment Act* introduced in 1974. The program allows eligible taxpayers (65 or over, a widow or widower, or a handicapped person as defined in the *Guaranteed Available Income for Need Act* in both rural and municipal areas) to defer the payment of property taxes on their ordinary place of residence. At the end of 1985 there were 2,768 persons benefiting from this program. Interest on deferred taxes is currently charged at 8 per cent per annum. Under a legislative amendment passed in 1986 this rate may be adjusted every six months but is not to exceed the prime rate less 2 per cent.

Labour Programs

The Ministry of Labour develops and administers job training and employment stimulation programs.

Apprenticeship and Employment Training

At March 31, 1986, approximately 9,850 apprentices were registered with the ministry, and a total of 4,030 apprentices had satisfactorily completed their indenture period during 1985/86. Post-secondary vocational institutions and private training institutions provided the prescribed technical training for 7,800 apprentices in 50 trade areas. Approximately 1,600 journeymen received certification under the tradesmen's qualification examination, interprovincial standards or welding registration programs. Employment training and job stimulation programs operated during the fiscal year provided training and employment opportunities for approximately 8,100 persons while 6,400 tradesmen attended upgrading and retraining courses. A further 2,400 disabled persons received employment-oriented training and other assistance through the vocational rehabilitation service. There were 308 approved private training institutions registered in the province during 1985/86.

Employment Standards

The Employment Standards Branch is responsible for administering provincial standards for the minimum wage, payment of wages, maternity protection, vacation and general holiday leave. Also covered are hours of work, employment of children, employment agencies, termination of employment, farm labour contractors and hiring practices.

The branch also provides investigative and mediative services to the Labour Relations Board and investigative services to the British Columbia Council of Human Rights.

During 1985/86, industrial relations officers concluded 15,133 investigations including assignments on behalf of the Labour Relations Board and the British Columbia Council of Human Rights.

Mediation Services

Settling labour-management disputes within the province is the prime objective of the Mediation Services Branch. During 1985/86, officers were involved in seeking solutions to 305 disputes. The program function is being expanded to include "Preventive Mediation" which is a concept based on the conviction that establishing and maintaining a sound on-going relationship between unions and management is of paramount importance to their mutual well-being.

Safety Engineering Services

The Safety Engineering Services Division provides services to ensure safe living and working conditions. The services relate to the installation and operation of boiler and pressure vessels, elevators, amusement rides and gas and electrical systems. Standards development, safety education, and safety assurance activities are undertaken in conjunction with industry. In 1985/86 activity was increased due to the division's extensive involvement with Expo 86.

Women's Programs

The Office of Women's Programs is responsible for the development and implementation of provincial policies and programs relating to the economic status of women in British Columbia. This includes ensuring that women have equal access to business opportunities, employment training, education and career advancement.

In the spring of 1986, the Government of British Columbia released the "Plan for Progress" which reaffirms the government's commitment to achieving full equality for women in the social, political and economic life of the province.

British Columbia Council of Human Rights

The British Columbia Council of Human Rights is responsible for administering and enforcing the *Human Rights Act* which was proclaimed in September 1984.

From September, 1984 to March 31, 1986, the Council received 8,319 inquiries and 411 new complaints. The Council held 56 hearings and gave 81 presentations to communities around the province outlining rights and responsibilities under the *Human Rights Act*.

Administration of Justice

The Ministry of Attorney General is responsible for the administration of justice in British Columbia through the corrections, police, and court systems. The ministry also provides legal advice to government on matters of criminal, civil, constitutional, and administrative law, and drafts proposed regulations and legislation. In addition, the Law Reform Commission continuously reviews provincial laws and makes recommendations to the Attorney General.

Police Services

The Police Services Branch is responsible for providing services to help protect life and property and to reduce crime. The branch is responsible for municipal police training through the British Columbia Police Academy, while the British Columbia Police Commission monitors and audits the operation of local police forces. Under federal-provincial agreements, the Royal Canadian Mounted Police serves as the provincial police force and provides police services to most municipalities. The Coordinated Law Enforcement Unit is a department of the branch which coordinates activities of police and other agencies to suppress organized crime. The Preventive Policing/CounterAttack Division of the branch is responsible for coordinating a concerted effort to reduce alcohol-related deaths and accidents on British Columbia's highways. In addition, crime prevention and auxiliary police programs promote community involvement in policing. Branch expenditure for 1985/86 was approximately $78 million.

Criminal Justice

The Criminal Justice Branch is responsible for the operation of Crown counsel services for the prosecution of criminal cases and offences against provincial statutes and many municipal bylaws in the trial and appellate courts of the province and in the Supreme Court of Canada. Expenditure for 1985/86 was approximately $18 million.

Corrections

The Corrections Branch is responsible for family court counselling, community service order programs, youth and adult probation and correctional facilities for certain accused or convicted youths and adults serving sentences of up to two years.

The branch operates 80 probation and family court service offices throughout the province. Facilities include six secure adult custodial institutions, two secure containment centres for delinquent youths, four open camps for youths, twelve open facilities for adults, and seven community correctional centres. The open facilities allow sentenced offenders to participate in useful work, while the community correctional centres help offenders re-entering the community. Probation offices provide a wide range of services to courts and communities throughout the province. Expenditure of the Branch for 1985/86 was approximately $115 million.

Court Services

The Court Services Branch provides administrative services to all courts in the province except the Federal Court of Canada. The branch also provides sheriff, court reporting, and ancillary support services, and assists British Columbia Buildings Corporation in the design, construction, and maintenance of all courthouses in the province. Branch expenditure was $80 million during 1985/86.

Legal Aid

The Legal Services Society offers legal assistance to individuals who would otherwise be unable to obtain legal counsel, and funds public legal education and information services.

Environmental Protection Programs

The Ministry of Environment is responsible for protecting the British Columbia environment, for conducting research and environmental inventory activities and for performing licencing functions to achieve environmental protection objectives.

The Cabinet Committee on Environment and Land Use coordinates the environmental and resource planning activities of government.

Waste Management

The Ministry of Environment establishes pollution discharge quality objectives for municipalities and industries. These standards are specified in discharge permits which are required in order to discharge any waste into the environment. Financial incentives are used to encourage compliance with the standards. Local governments receive financial assistance for sewage disposal through the Ministry of Municipal Affairs.

The Waste Management Branch administers several programs which encourage environmentally safe waste treatment and resource recovery. Expenditure of the Branch for 1985/86 amounted to $9 million. A program of irrigation with treated sewage is currently being operated in several locations. Paper, rubber and oil waste recovery and recycling programs are being encouraged by the ministry.

Ecological Protection

Under the *Ecological Reserve Act,* a total of 115 ecological reserves covering 154,574 hectares (about one-third subtidal) have been established.

Conservation Projects

The Wildlife Branch of the Ministry of Environment administers the Habitat Conservation Fund for the enhancement and acquisition of important fish and wildlife habitats. Since 1981, the fund has financed 168 projects throughout the province with a total expenditure of $9 million. The Public Conservation Assistance Fund annually offers a total of $50,000 to non-profit clubs and organizations to defray the capital costs of conservation projects.

The Wildlife Habitat Canada Foundation has agreed to cooperatively fund the Public Conservation Fund during the 1985-1990 period. The infusion of up to $50,000 per annum from Wildlife Habitat Canada, to be matched by the province, will result in many more opportunities for volunteer groups to undertake conservation projects. During 1985/86, 32 grants were made at a total cost of $78,680.

Fisheries

Angling regulations set by the ministry ensure that existing fish stocks are maintained, while the fish culture program uses several large hatcheries to supplement natural spawning areas.

Pesticide Control

The Pesticide Control Branch of the Ministry of Environment is responsible for regulating the sale and use of all pesticides in the province.

Provincial Emergency Program

The Provincial Emergency Program of the Ministry of Environment, with five regional offices, works to ensure that British Columbia is prepared for any type of emergency. Program officials provide training and direction to government ministries, Crown corporations, regional districts, municipalities and more than 10,000 skilled volunteers.

Flood Relief

In the 1985/86 fiscal year, the Ministry of Environment provided more than $1.5 million in relief assistance to overcome the effects of flood waters on public and private property. The ministry also provided $3.0 million for the River Protection Assistance and Accelerated Dyking Program.

Consumer and Corporate Affairs

The Ministry of Consumer and Corporate Affairs administers 56 statutes and related regulations designed to regulate various British Columbia industries and to prevent abuses in the marketplace.

Consumer and Tenancy Relations

The Consumer and Tenancy Relations program carries out the following major functions:

- investigates alleged violations of consumer laws and enforces consumer protection statutes;
- informs tenants and landlords of their rights and responsibilities and supplies arbitration for non-monetary disputes between tenants and landlords;
- offers counselling services to consumers with debt problems and assists borrowers and lenders with debt repayment programs; and,
- licences and regulates travel agents, motor dealers, cemetery operators, bailiffs, debt collectors, credit reporting agencies and funeral directors offering prepaid services.

During the past year, amendments were approved to the *Travel Agents Act* to strengthen the ability of the Registrar of Travel Agents to monitor the travel business and to protect consumer deposits.

Corporate and Financial Relations

The Corporate and Financial Relations program regulates the instruments and documents used to conduct business in British Columbia. It also administers a wide variety of corporate statutes.

Upon reorganization in 1985/86, Corporate and Financial Relations now consists of four main divisions.

- The Office of the Superintendent of Brokers and Real Estate regulates the securities, commodities, mortgage broker and real estate industries, primarily by licencing the individuals and firms involved and also by vetting and approving public financial offerings.

- The Office of the Superintendent of Financial Institutions exercises the powers of the Superintendent of Credit Unions, Trust Companies, Cooperatives and Insurance. It regulates and monitors all trust companies, credit unions, cooperatives and insurance companies operating in the province and registers cooperatives.
- The Office of the Registrar of Companies and Registrar General maintains statutory files on all companies, cooperatives, partnerships and societies operating in the province and operates the Central and Mobile Home Registries.
- The Office of the Director of Corporate Investigations carries out investigations of complaints and problems related to statutes under the jurisdiction of the Corporate and Financial Relations Program.

The reorganization will enable the Superintendent of Brokers and Real Estate and the Superintendent of Financial Institutions to concentrate more effectively on their respective areas of jurisdiction. Also, the wider and better-defined powers of the Director of Corporate Investigations will enable action to be taken more quickly with respect to problems of, and complaints against, financial institutions.

Significant developments during the past year include passage of a new *Securities Act* and the *Commodity Contract Amendment Act*. Both are designed to provide better protection for investors and a more efficient regulatory structure for raising capital in British Columbia. The British Columbia Securities Commission was established in mid-1986 to administer regulations and policies under the new *Securities Act*.

Liquor Control and Licencing

The Liquor Control and Licencing Branch is responsible for licencing and supervising all liquor resale establishments to ensure they operate in compliance with the pertinent statutes and regulations. The branch also licences provincial manufacturers of beverage alcohol. For information and statistics pertaining to the Liquor Distribution Branch, see Chapter 4.

In the area of liquor policy and regulations, new amendments were implemented on April 29, 1986 to permit all licenced establishments to open on Sundays. The effect of the amendment is to allow hotels, neighbourhood public houses and cabarets to service their patrons on a seven day per week basis, as other types of establishments were already permitted to do. This change provides freedom of choice to consumers and assists tourism, particularly during the period of Expo 86.

Registries

Land Registry

The seven land title offices of the Ministry of Attorney General maintain records of all transactions in real property and issue certificates of title for each parcel of land. Each office has a registrar responsible for correctly interpreting the *Land Title Act* and all applicable statutes, to ensure that security of title is maintained at all times.

Mobile Home Registry

The Mobile Home Registry protects mobile home owners and purchasers in the same way that the land registry protects buyers and sellers of conventional real estate.

Central Registry

The Central Registry maintains a registry of chattel mortgages and liens against motor vehicles and personal chattels.

Vital Statistics

The Vital Statistics Division of the Ministry of Health administers the *Vital Statistics Act*, *Marriage Act*, *Name Act* and Part II of the *Wills Act* in regard to the registration of vital events, issuance of marriage licences, appointment of Marriage Commissioners, registration of changes of name and other services to the public. This is carried out through offices in Victoria and Vancouver and through a regional network of District Registrars, Marriage Commissioners and issuers of marriage licences.

Recreation and Sport

In the 1985/86 fiscal year, the Recreation and Sport Branch of the Ministry of Provincial Secretary and Government Services provided $7.0 million in grants from the Physical Fitness and Amateur Sports Fund and the Lottery Fund.

Cultural Services

In the 1985/86 fiscal year, the Cultural Services Branch of the Ministry of Provincial Secretary and Government Services provided over $6.7 million in grants from the British Columbia Cultural Fund and the British Columbia Lottery Fund to cultural organizations throughout the province.

Library Services

In the 1985/86 fiscal year, the Library Services Branch of the Ministry of Provincial Secretary and Government Services provided grants totalling $6.4 million to municipal and regional public libraries, public library associations, reading centres and other library groups.

Special grants of $218,000 were made to designated public libraries from the Provincial Computerization of Libraries Account to institute automatic cataloguing and circulating systems. The account was established in 1980 with an appropriation of $3 million.

Provincial Parks

Under the *Park Act*, the provincial government administers a provincial park system comprising 365 parks and recreation areas which encompass more than 4.6 million hectares.

British Columbia Heritage Trust

The British Columbia Heritage Trust was established in 1977 by the *Heritage Conservation Act*. In the 1985/86 fiscal year, 119 grants valued at $1.2 million were awarded from the Trust Fund.

Ombudsman

The *Ombudsman Act*, passed in 1977, provides for an independent officer of the Legislative Assembly to investigate complaints about provincial government ministries and certain other government agencies. Expenditures by the Office of the Ombudsman totalled $2.3 million during 1985/86.

6. Economy and Resources

British Columbia's abundant and diverse natural resources continue to be the basis of economic activity in the province. Further development of the economy is dependent on the management of these natural resources, the development of the province's human resources and the existing and future investment in infrastructure and the province's goods producing and service industries. The provincial government provides a wide range of programs to aid in the economic development of the province.

Geography

The province of British Columbia is located on the Pacific coast and has a land and freshwater area of 95 million hectares. It is the third largest Canadian province, comprising 9.5 per cent of Canada's total surface area. The province's coastline measures 7,022 kilometres, supporting a large international and coastal shipping industry through ice-free, deep-water ports.

British Columbia's total area contains approximately 54 million hectares of forest, 2.7 million hectares of arable or potentially arable land, 6.6 million hectares of land that can be used for grazing and 3.6 million hectares of lakes and rivers.

Geology

Mineral deposits are widespread throughout British Columbia. Copper occurs along the coastal region and is also found with molybdenum, iron and tungsten in the interior. The southeastern region of the province contains lead/zinc deposits, sometimes occurring with silver, and gold deposits are found in several regions.

Oil and gas are found east of the Rocky Mountains in the northeastern region. Although no commercial discoveries of petroleum have been found west of the Rockies, some exploration and drilling activity has been undertaken on the continental shelf west of Vancouver Island, in Hecate Strait and in the interior.

Extensive coal reserves are present in the central part of the province and along the east coast of Vancouver Island.

Climate

The climate of British Columbia varies considerably between three major climatic regions; the Coast, the Interior and the Northeast Region.

The Coast Region has abundant rainfall and mild temperatures associated with a maritime climate, although there is a distinct variation from north to south. In the south, the Lower Mainland and southeast coast of Vancouver Island have a warmer climate and receive 65 to 130 centimetres of rain per year, concentrated in the winter months. The remainder of the coast receives 130 to 380 centimetres of rain per year and experiences a broader range of temperatures depending on the local terrain.

The Interior Region, east of the Coastal Mountains and west of the Rocky Mountains, has a continental type of climate. The south generally receives low precipitation and temperatures ranging from below zero degrees celsius in the winter, to as high as 38 degrees in the summer. The central and northern areas have temperatures ranging from as low as minus 40 degrees in winter to 32 degrees in the summer, although the north generally has much cooler summers. Annual precipitation is slightly higher than in the south, and the frost-free period is short and unreliable.

The Northeast Region is a northern extension of the prairie region of Alberta. It has a climate that is more extreme than the Northern Interior region but has hot summers and a frost-free period which is long enough to grow a variety of crops.

Infrastructure

British Columbia's physical resources have been developed with the aid of extensive investment in communications, transportation services and energy, as well as the development of the human resources required by the province's diverse goods-producing and service industries.

Communications

At March 31, 1985 there were 67 originating AM stations, 21 originating FM stations, 10 originating television stations, and 2 pay-television networks in British Columbia. In addition, there were 495 rebroadcasting stations comprising 98 AM, 104 FM and 293 television stations. Through 121 cable systems local cable television is available to over 82 per cent of the households of the province, the highest provincial percentage in Canada. Continuing technological developments have allowed many communities in remote areas of the province to receive television signals via satellite.

The provincial government has encouraged the installation of earth terminals in remote communities by providing grants for part of the capital cost of satellite receiving dishes and television transmitters. During the five-year life of the program, expenditure of $2.2 million has resulted in educational and basic television network services being made available to 62,000 households in 213 communities in the province.

Telephone Systems

At the end of 1985, there were 1,109,748 residence telephone lines and 302,272 business telephone lines in operation in British Columbia. Telephone service was provided to 97.7 per cent of households in the province in 1985. Telephone service is regulated by the federal Canadian Radio-television and Telecommunications Commission.

Transportation

The Ministry of Transportation and Highways administers 45,570 kilometres of provincial roads and rights-of-way of which 21,101 kilometres are paved and 23,348 kilometres are gravelled. There are also 2,100 kilometres of provincial arterial highways in municipalities.

Late in 1984, the provincial government commenced construction on two major highway projects — the Coquihalla Highway from Hope to Kamloops and the Annacis Bridge project.

The first phase of the Coquihalla Highway, from Hope to Merritt, was opened to the public on May 16, 1986. By the fall of 1987 Phase II from Merritt to Kamloops will be completed, extending the Coquihalla highway another 75 kilometres. On completion, the driving distance from the Lower Mainland to Kamloops in the interior of the province will be reduced by 80 kilometres. In the future, Phase III of the Coquihalla Highway will be constructed from Merritt to Peachland in the Okanagan Valley.

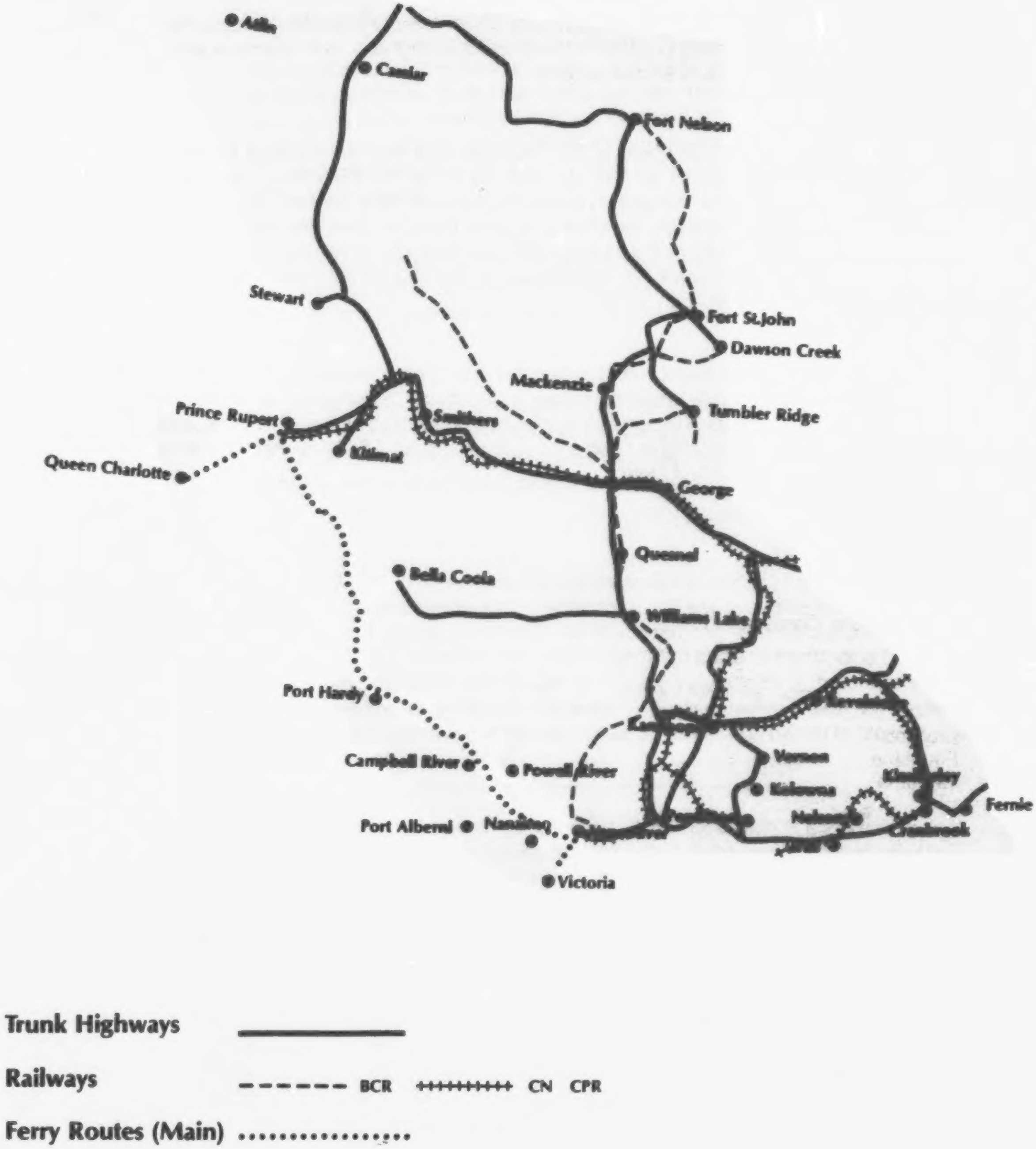
The Annacis Bridge over the Fraser River is also nearing completion and will provide improved access to Vancouver, Burnaby and New Westminster from the south. The Annacis Bridge and connecting highway improvements will be completed in 1988 at an estimated cost of $444 million. The bridge will open in the fall of 1986.

Table 6.1

Provincial Highway Construction

Fiscal Year Ended March 31,	1985	[redacted]	Change 1985–1986
	(kilometre	[redacted]	(per cent)
Construction			
Four-lane	47	[redacted]	142.6
Two-lane	49	[redacted]	−61.2
Total	96	[redacted]	38.5
Paving			
New	299	[redacted]	111.0
Sealcoat (maintenance)	389	[redacted]	9.0
	(number)	[redacted]	
Bridges and major highway structures	30	[redacted]	50.0
	($ millions	[redacted]	
Highway and bridge expenditure			
Capital	407.8	[redacted]	83.9
Maintenance	257.8	[redacted]	3.3
Total	665.6	[redacted]	52.7

Map 6.1 Provincial Transportation Network


Atlin
Cassiar
Fort Nelson
Stewart
Fort St.John
Dawson Creek
Mackenzie
Tumbler Ridge
Prince Rupert
Smithers
Kitimat
Queen Charlotte
George
Quesnel
Bella Coola
Williams Lake
Port Hardy
Vernon
Kelowna
Campbell River
Powell River
Port Alberni
Nanaimo
Nelson
Cranbrook
Fernie
Victoria
Trunk Highways
Railways
BCR
CN
CPR
Ferry Routes (Main)

Railways

There are approximately 7,500 kilometres of main line track operated in the province by the British Columbia Railway, Canadian Pacific Railway, Canadian National Railway and other railways.

The British Columbia Railway provides passenger service from North Vancouver to Prince George. VIA Rail provides rail passenger services on the Canadian National Railway Northline, Prince Rupert to Edmonton; on the Canadian National line, Vancouver to Edmonton; on the Canadian Pacific Railway Transcontinental line, Vancouver to Calgary; and on the Esquimalt and Nanaimo Railway line, Victoria to Courtenay.

British Columbia Hydro and Power Authority operates a rail freight service in the Lower Mainland and the Fraser Valley, while the Burlington Northern Railway runs between the Lower Mainland and Seattle. The Canadian Pacific Railway and the Canadian National Railway operate railcar barge connections to Vancouver Island, and the Canadian National Railway operates the Aqua-train service between Prince Rupert and Whittier, Alaska.

The Canadian National Railway spent approximately $121 million in British Columbia during 1985 for railway maintenance and plant expansion. Of the total, approximately $109 million was invested in plant expansion, including $69 million for upgrading the Northline to Prince Rupert. The remaining $12 million was spent on routine maintenance and special projects.

The Canadian Pacific Railway invested $299 million in 1985 on track renewal, upgrading and maintenance in British Columbia. Of this amount, $174 million was spent on the Rogers Pass tunnel and associated double tracking and $30 million was spent on track renewal and the coal car repair shop located in Golden. Maintenance expenditure totalled $95 million.

For information pertaining to the British Columbia Railway, see Chapter 4: Crown Corporations and Enterprises.

Deep Sea Shipping

The Port of Vancouver is British Columbia's major seaport, while additional ports are located at Prince Rupert, New Westminster, Victoria, Nanaimo, Port Alberni, Campbell River and Powell River. These ports have deep-sea facilities and are open year around.

Vessels arriving at British Columbia ports from international locations numbered 8,220 in 1984 while 8,250 vessels departed for international destinations. Approximately 5.1 million tonnes of cargo were unloaded and 68.3 million tonnes of cargo were loaded for foreign destinations.

Coal and coke remained the leading tonnage export commodity for Vancouver in 1985. Coal exports, including shipments through Roberts Bank were 19.6 million tonnes. Grain exports accounted for approximately 9.3 million tonnes, while lumber and pulp shipments reached 2.6 million tonnes. Container traffic increased 15 per cent from 1984 to 1.6 million tonnes.

At Prince Rupert, previous traffic records were exceeded for the third consecutive year as cargo shipped through the port reached a total of 10.1 million tonnes, an increase of 24 per cent over 1984. Coal accounted for most of the growth, increasing from 5.2 million tonnes in 1984 to 7.2 million tonnes in 1985.

Coastal Shipping

Tug and barge services connect major centres with a number of small communities on Vancouver Island, the Gulf Islands, the mainland coast and the Queen Charlotte Islands. Small coastal vessels provide a mix of passenger and package freight services.

British Columbia ports handled an estimated 39.4 million tonnes of domestic shipping in 1984, comprised of equal movements of 19.7 million tonnes inbound and outbound, a decrease of 3 per cent from 1983.

Ferry Service

British Columbia Ferry Corporation provides drive on/drive off freight and passenger service on its major routes. Effective October 1985, the corporation acquired the saltwater ferry routes previously operated by the Ministry of Transportation and Highways.

The Ministry of Transportation and Highways currently provides service on 18 freshwater routes (comprising lake and river crossings). For the year ended March 31, 1986, these ferries carried 5.4 million passengers and 2.7 million vehicles.

For information on the British Columbia Ferry Corporation and the British Columbia Steamship Company (1975) Ltd., see Chapter 4: Crown Corporations and Enterprises.

Air Transport

There are approximately 110 licenced air carriers based in British Columbia, providing scheduled and charter services to domestic and foreign destinations. Facilities in the province include more than 200 land-based airports, 63 water-based facilities and 23 heliports. Activity at the province's largest airport, the Vancouver International Airport, is detailed in Table 6.2.

The provincial Air Transport Assistance Program was established in 1977 to assist the development of community airports and regional air services in British Columbia. To March 31, 1986 provincial grants totalling $22 million had been allocated directly to 67 communities.

Table 6.2

Activity at Vancouver International Airport

Totals In/Out		1984	[redacted]	Change 1984–1985
				(per cent)
Passengers	(thousands)	6,895	[redacted]	1.6
Airmail and air cargo	(tonnes)	91,000	[redacted]	16.5
Aircraft movements	(thousands)	247	[redacted]	−8.9

Source: Transport Canada preliminary estimates.

Motor Transport

During the 1985 licence year, approximately 1.2 million passenger vehicles and 442,000 commercial vehicles were licenced.

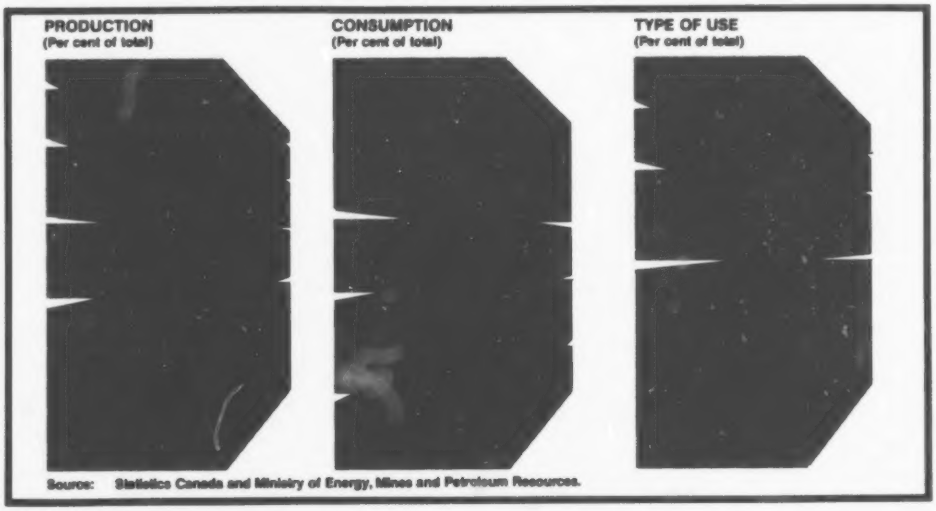
Pipelines

In British Columbia there are approximately 2,100 kilometres of crude oil trunk and gathering lines, 5,300 kilometres of natural gas transmission lines and 12,100 kilometres of natural gas gathering and distribution lines (see Map 6.2).

Energy

British Columbia has a diverse and abundant energy resource base. Three different energy sources each provided in excess of 15 per cent of primary energy production in 1984 (see Chart 6.1). British Columbia is self-sufficient in all energy sources except oil, more than three-quarters of which is imported, mainly from Alberta. These oil imports are more than offset by large exports of coal, natural gas and electricity, making British Columbia a net exporter of energy.

Chart 6.1 **Energy Production and Consumption in 1984**



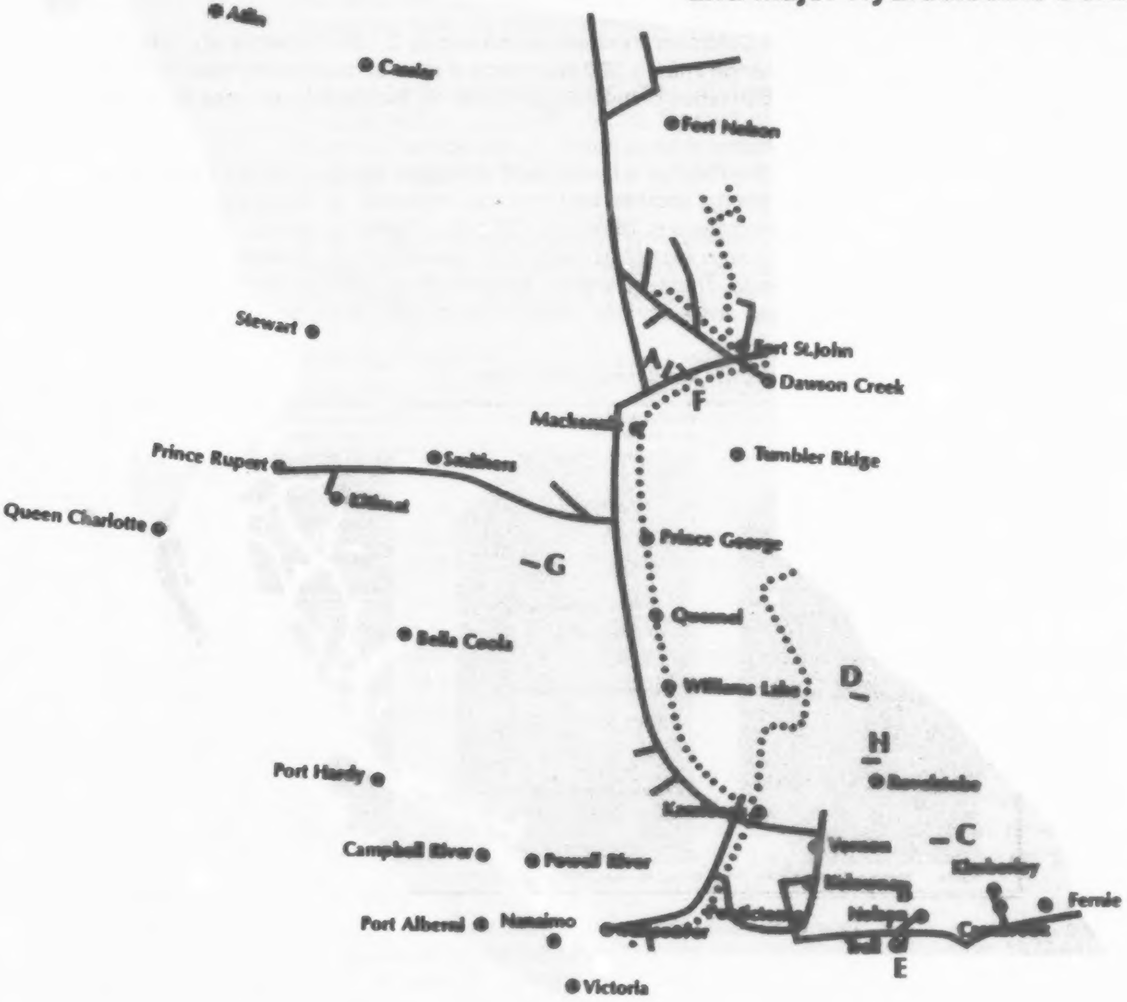
Source: Statistics Canada and Ministry of Energy, Mines and Petroleum Resources.

Electric Generation

Due to its renewable nature, hydro-electric power is an important energy source, meeting about 20 per cent of the province's energy requirements. Canada has one quarter of the world's fresh water supplies, of which one third is situated in British Columbia. This has led to the development of 12.7 gigawatts of electrical generating capacity in the province, including 11.1 gigawatts of hydro-electric capacity and 1.6 gigawatts of thermal capacity (see Appendix Tables 6.6 and 6.7). The availability of competitively priced electrical power continues to be a strong inducement for energy-intensive new industry to locate in the province. Map 6.2 outlines the location of major hydroelectric dams in the province.

During 1985, electrical generation totalled 59,192 gigawatt-hours, an increase of 11.2 per cent from 1984. Domestic consumption increased by 5.2 per cent while net exports increased sharply from 6,573 gigawatt-hours in 1984 to 10,151 gigawatt-hours in 1985. Approximately 96 per cent of total production was provided by hydro plants, with the remainder provided by thermal plants (see Appendix Table 6.5 and Chart 6.2).

Map 6.2 Provincial Pipeline Network and Major Hydroelectric Dams


Atlin
Cassiar
Fort Nelson
Stewart
Fort St.John
Dawson Creek
A
F
Mackenzie
Tumbler Ridge
Prince Rupert
Smithers
Kitimat
Queen Charlotte
Prince George
G
Quesnel
Bella Coola
Williams Lake
D
H
Revelstoke
Port Hardy
Kamloops
Vernon
C
Campbell River
Powell River
Kimberley
Kelowna
B
Fernie
Penticton
Nelson
Port Alberni
Nanaimo
Vancouver
Cranbrook
Trail
E
Victoria

Dams

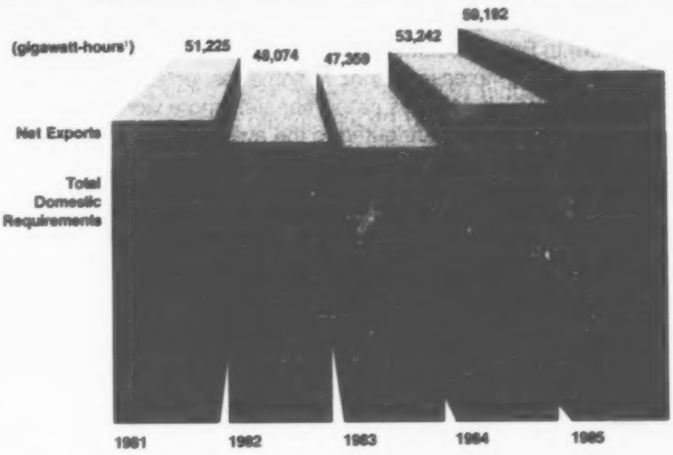
A	W.A.C. Bennett
B	Hugh Keenleyside
C	Duncan
D	Mica
E	Seven Mile
F	Peace Canyon
G	Kenney
H	Revelstoke

Pipelines

PETROLEUM - Operating ....

NATURAL GAS - Operating ———

Chart 6.2 **Electric Power Supply**



¹one gigawatt-hour = one million kilowatt-hours

Source:
Ministry of Environment
Statistics Canada

Human Resources The most important element in British Columbia's economic development is its well-educated and highly-skilled population.

Age Distribution In British Columbia, as in the rest of Canada, the average age of the population has risen steadily over the last two decades. In 1975, 27.2 per cent of the labour force was in the younger age group (15-24) compared with only 21.5 per cent in 1985 (see Table 6.3).

Population projections show that the size of the younger age group (15-24) will decline further relative to the older age groups over the next 15 years. This reflects the aging of the baby-boom generation and a decline in fertility rates in the 1960s and 1970s. The increasing age of the labour force indicates increasing experience and skill levels.

Table 6.3

British Columbia Labour Force by Age

Age Group	1975	
	(000)	(per cent)
15–19	130	12.0
20–24	165	15.2
25–44	493	45.3
45–64	280	25.8
65 and over	19	1.7
Total	1,087	100.0

[redacted]

Source: Statistics Canada.

Another widely noted factor in labour force growth in recent years has been the increase in the number of women in the job market. Over the last 20 years the female participation rate (the percentage of women of labour force age in the labour force) in British Columbia has risen from 34.5 per cent to 53.6 per cent and is expected to increase further. In some respects, the rapid growth of the service sector (which employs proportionately more women than the goods-producing sector) can be attributed to the availability of a flexible and skilled female work force.

Level of Education

The key to developing a skilled work force is education, whether it takes place in institutions or through job-training. In 1985, 38.2 per cent of the labour force had some post-secondary education compared to 34.9 per cent in 1977 (see Table 6.4).

Table 6.4

British Columbia Labour Force by Level of Education

Level of Education	1977		
	(000)	(per cent)	[redacted]
0–8 years	122	10.6	
Some high school	625	54.5	
Some post secondary	149	13.0	
Post-secondary, Certificate or Diploma	131	11.4	
University Degree	121	10.5	
Total	1,148	100.0	

Source: Statistics Canada.

Future labour force quality and skill levels will be determined in large part by the education received by students currently in the province's educational system. Approximately 35,000 full-time and 16,000 part-time students were enrolled at universities in British Columbia during 1985. An additional 38,000 full-time and 35,000 part-time students were receiving training in the province's community colleges and technical institutes. Over the last ten years university attendance has increased at an average annual rate of 2.7 per cent while college and institute enrollment has increased by 6.9 per cent annually.

Economic Structure

Since the 1950's, resource extraction and related processing have been the major engines of growth for the British Columbia economy with the expansion of the forest industry into the interior of the province, and the establishment of aluminum, copper, coal and natural gas industries. The development of natural resources has also been responsible for the creation of an array of related manufacturing and knowledge based industries, such as machinery, chemicals and engineering services.

The economy has become increasingly diversified over the past decade with advances in a number of areas including electronics, aquaculture, film production and steady development of the service sector.

Service industries, consisting of tourism, finance, real estate, and business and professional services, add to the diversity of the economic base and provide a source of growth in exports.

During 1984, goods-producing industries accounted for 32.4 per cent of gross domestic product (GDP), down slightly from 32.9 per cent in 1983. Forestry, including processing activities, accounted for 28.1 per cent of value added in goods production in 1984, up substantially from 25.8 per cent in 1983; mining and associated processing fell to 18.9 per cent in 1984 from 21.0 per cent in 1983.

Table 6.5

Gross Domestic Product (at factor cost)[1]

Sector	1974	Per Cent of Total	[redacted]	Per Cent of Total
	($ millions)		[redacted]	
Agriculture[2]	483	3.1	[redacted]	2.9
Forestry[2]	1,937	12.6	[redacted]	9.1
Fishing and trapping[2]	149	1.0	[redacted]	0.8
Mining[2]	968	6.3	[redacted]	6.1
Manufacturing	761	5.0	[redacted]	3.8
Construction	1,196	7.8	[redacted]	5.7
Utilities	418	2.7	[redacted]	4.0
Total goods	5,912	38.5	[redacted]	32.4
Transportation, communication and storage	1,744	11.3	[redacted]	11.1
Wholesale and retail trade	1,985	12.9	[redacted]	11.0
Finance, insurance and real estate	1,748	11.4	[redacted]	16.8
Community, business and personal services	2,939	19.1	[redacted]	20.9
Public administration and defence	1,046	6.8	[redacted]	7.8
Total services	9,462	61.5	[redacted]	67.6
Total gross domestic product	15,374	100.0	[redacted]	100.0

[1] GDP at factor cost is less than GDP at market prices by the amount of indirect taxes less subsidies.

[2] Includes the primary activity and related manufacturing.

Note: Experimental data.

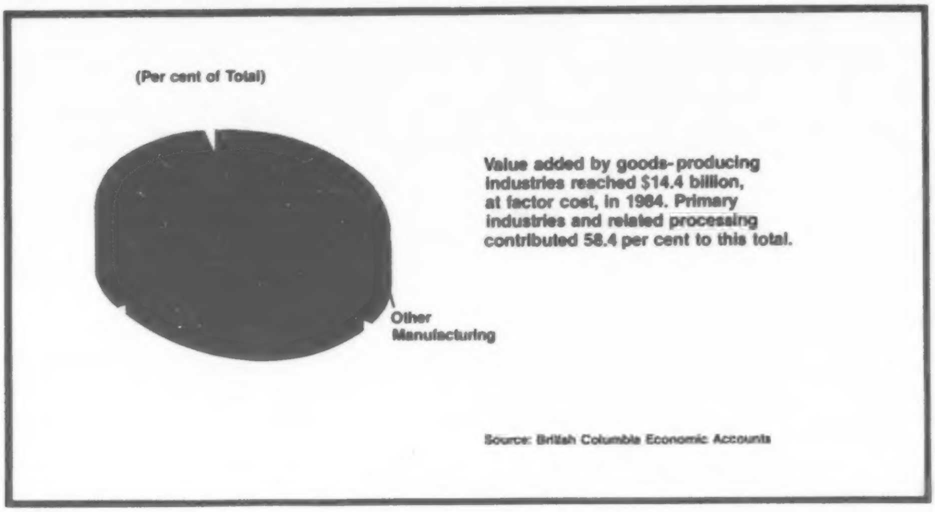
Source: British Columbia Economic Accounts.

Among non-resource industries, construction activity provided 17.6 per cent of value added in goods production in 1984, down from 19.6 per cent in 1983. Other manufacturing remained unchanged at 11.9 per cent in 1984, while utilities rose substantially from 9.7 per cent in 1983 to 12.2 per cent in 1984.

The service industries accounted for 67.6 per cent of British Columbia gross domestic product in 1984, up from 67.1 per cent in 1983 and 61.5 per cent in 1974.

Community, business and personal services is the largest component of service industry output, accounting for 30.9 per cent of value added in the service industries in 1984. The largest contributor within that component is tourism, which accounted for 7.4 per cent of value added in 1984.

Chart 6.3 Value Added by Goods-Producing Industries, 1984



Value added by goods-producing industries reached $14.4 billion, at factor cost, in 1984. Primary industries and related processing contributed 58.4 per cent to this total.

Source: British Columbia Economic Accounts

Finance, insurance and real estate services are the second largest component, accounting for 24.8 per cent of service industry value added in 1984. Wholesale and retail trade and transportation, communication and storage each accounted for 16.4 per cent.

British Columbia's service industries account for a large and growing share of the provincial economy's output and employment. This trend is a structural phenomenon common to most industrialized nations.

The service sector encompasses a wide variety of activities ranging from computer software research and design to tourism, education and health services. Conceptually, a broad distinction can be made between producer services and consumer services.

- Producer services contribute to the production of some other good or service. They include transportation, insurance, legal and architectural services.
- Consumer services are end products in themselves. They include accommodation and food services, communications (such as cable television and telephone services) and personal services.

Both producer- and consumer-oriented service industries make important contributions to the provincial economy.

British Columbia's sectoral employment reflects the shares of various sectors to GDP. Service industries accounted for 73.7 per cent of total provincial employment in 1984, up from 68.8 per cent in 1976. Goods-producing industries provided the remaining 26.3 per cent of employment in 1984.

Among the service industries, community, business and personal services represented 33.9 per cent of total employment in 1984, up from 33.4 per cent in 1983. Wholesale and retail trade accounted for 18.5 per cent of employment in 1984.

Resource and non-resource manufacturing was the third largest employer, accounting for 12.3 per cent of employment in 1984, down from 16.4 per cent in 1976. Transportation, communication and storage was the next largest with 8.1 per cent of employment in 1984 while primary industries accounted for 7.0 per cent.

Forest Products Industry

British Columbia's forest lands support more than 8 billion cubic metres of mature timber. More than 95 per cent of this volume is coniferous (softwood) and British Columbia accounts for approximately one-half of Canada's softwood inventory. Forests of the coastal region contain more hemlock than any other species, while spruce and lodgepole pine are the major species of the interior region (see Appendix Table 6.1).

The provincial government owns more than 90 per cent of the province's forest land. For management purposes the forest resource is divided into sustained yield units known as timber supply areas (TSAs) and tree farm licences (TFLs). Timber harvesting in these units is delegated to private operators under a variety of licencing agreements. Forest management responsibilities in TSAs are shared between the Ministry of Forests and private operators, while in TFLs they are the responsibility of private operators.

The forest industry is the most important sector of the provincial economy, accounting for approximately 45 per cent of the value of shipments by British Columbia manufacturing industries (see Appendix Table 6.8) and more than 50 per cent of the province's exports.

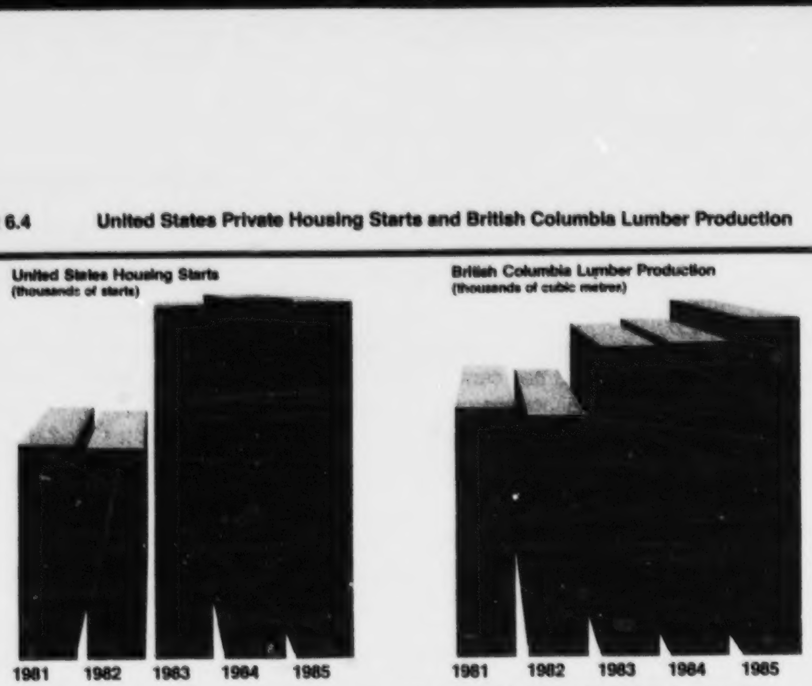
In 1985, the British Columbia timber harvest was 76.9 million cubic metres, up 3.1 per cent from 1984 (see Table 6.6). This slightly exceeds the annual production target of 75 million cubic metres established by the Ministry of Forests.

Lumber

Lumber production in British Columbia increased by 7.0 per cent in 1985 to a record 33 million cubic metres (14 billion board feet). For the third consecutive year, the sawmill industry in the interior region produced a record volume (24 million cubic metres) of lumber. Coastal lumber production remained virtually unchanged at approximately 9 million cubic metres in 1985.

Shipments to the United States, the major market for British Columbia lumber, increased in 1985, reflecting continued strength in the United States residential construction industry. Despite record lumber consumption in the United States, lumber prices remained relatively low throughout most of 1985 as the supply of lumber from producing regions in North America more than adequately met the level of demand (see Chart 6.4).

Chart 6.4 **United States Private Housing Starts and British Columbia Lumber Production**



British Columbia lumber production increased by 7 per cent in 1985 despite a slight decline in United States housing starts.

Source: Statistics Canada; U.S. Department of Commerce

Table 6.6

Economic Indicators of Activity in the Forest Sector

Indicator	1975	1980	1984	[redacted]	Change[1] 1984–1985
			(millions of m³)		(per cent)
1 Timber scaled	50.1	74.7	74.6	[redacted]	3.1
2 Lumber production	17.6	28.3	30.9	[redacted]	7.0
3 Plywood production	1.6	1.9	1.6	[redacted]	5.7
			(millions of tonnes)		
4 Pulp production	4.0	5.7	5.2	[redacted]	12.7
5 Newsprint, paper and paperboard production	1.5	2.2	2.1	[redacted]	19.9
Exports of Forest Products to Major Countries					
			($ millions)		
6 United States	1,131.3	2,569.3	3,395.4	[redacted]	13.1
7 Japan	239.8	1,017.6	908.2	[redacted]	0.5
8 United Kingdom	185.7	393.8	306.8	[redacted]	− 17.3
9 Other	589.6	1,677.8	1,500.0	[redacted]	− 11.4
10 Total	2,146.4	5,658.5	6,110.4	[redacted]	3.7
Industry Selling Price Indices (1971 = 100)					
11 Spruce lumber for export	124.6	207.8	199.3	[redacted]	1.0
12 Douglas fir plywood	161.0	240.3	242.2	[redacted]	4.7
13 Bleached sulphate pulp for export	243.2	348.3	373.5	[redacted]	− 15.9
14 Newsprint for export	180.3	288.5	351.7	[redacted]	12.5

[1] Percentage change based on unrounded numbers.

Sources:

1 Ministry of Forests.
2–5 and 11–14 Statistics Canada.
6–10 Ministry of Industry and Small Business Development, estimated from Statistics Canada data.

Plywood

Approximately 75 per cent of British Columbia plywood production is used within Canada. In 1985 provincial plywood production was 1.6 million cubic metres (1.9 billion square feet, 3/8 inch basis). The increase of 5.7 per cent over the previous year reflected the increase in Canadian housing starts.

Pulp and Paper

British Columbia pulp production was 5.8 million tonnes in 1985 representing a 12.7 per cent increase in output over the previous year. Despite relatively strong market demand throughout most of the year average pulp prices declined, reflecting the excess capacity and relatively large inventory levels of both domestic and foreign suppliers. As a result, some of the major pulp producers in the province reported production curtailments for inventory adjustment purposes.

British Columbia newsprint, paper and paperboard production in 1985 increased by almost 20 per cent to a record level of 2.5 million tonnes. Newsprint demand remained at relatively high levels, but strong competition in the western United States market caused prices to fall in the latter half of the year. Newsprint production in British Columbia in 1985 was 1.5 million tonnes, up 15 per cent from the previous year.

The forest companies in British Columbia generally reported improved financial results in 1985, with almost all companies realizing higher sales volumes and profits from their operations. Despite these results, the industry remains concerned about the efforts in the United States to restrict imports of Canadian lumber.

Forest Programs

The programs of the Ministry of Forests are designed to manage, protect and plan the use of the forest and range resources of the Crown.

Harvesting

The Harvesting Program makes timber available to the forest industry in a manner consistent with provincial government objectives, including harvest level planning, road access to timber, management of timber tenures and cutting permits, scaling and valuation services and research related to harvesting. Program expenditure for 1985/86 was approximately $50 million.

Silviculture

The Silviculture Program is responsible for restocking denuded land and for improving the value and productivity of forest stands through silviculture treatments. Overall monitoring and functional direction of provincial silviculture activities is provided, as well as the tree seeds and seedlings required for reforestation projects. For further information on silviculture, see the Topic Box entitled Provincial Government Funding for Silviculture in British Columbia.

Forest Protection and Fire Suppression

The Forest Protection Program is responsible for the protection of forest and range resources from damage by wildfire and pests, especially insects and disease. Other concerns are the protection of life and property, the preservation of other natural resource values and the use of prescribed fires for hazard abatement, silviculture treatments and wildlife management. Expenditure in 1985/86 was approximately $25 million.

PROVINCIAL GOVERNMENT FUNDING FOR SILVICULTURE IN BRITISH COLUMBIA

Forests cover more than half of British Columbia's total land area and sustain a wide range of recreational and commercial activities, including the province's large forest industry. Because more than 90 per cent of the forest land is owned by the province, proper government stewardship of this land is essential to the health of the forest industry and the continuing prosperity of the province. Silviculture is an integral component of this stewardship.

The provincial government is primarily responsible for initiating and financing silviculture on provincial Crown land. Silviculture activities fall into the following categories.

- Basic silviculture provides for the restocking of recently denuded land, and brushing and weeding.
- Intensive silviculture provides for restocking the backlog of land not adequately restocked, removing inferior trees from young stands (juvenile spacing), removing deciduous growth which may be retarding the growth of conifers (conifer release) and fertilization.
- Nursery operations produce seedlings for basic and intensive silviculture.
- Seed operations provide seed for the nurseries.

In addition, silviculture research is funded by the government.

Silviculture Objectives

The primary objective of provincially funded silviculture is to maintain the volume of merchantable timber available for harvest. To achieve this objective, the current *Five Year Forest and Range Resource Program* establishes the goals of replanting a minimum of 60 per cent of recently denuded areas, and eliminating the current backlog of medium-to-good growing sites that are not satisfactorily restocked.

To achieve these objectives the government has established the following targets:

- Planting 200 million seedlings annually by 1987/88 (covering about 162,000 hectares);
- Juvenile spacing of 20,000 hectares, fertilizing 24,000 hectares and conifer release of 3,500 hectares by 1988/89;
- Brushing and weeding on 35,000 hectares by 1989/90; and
- Obtaining 80 million genetically improved seedlings annually from seed orchards by 1995/96.

The 1987/88 planting target represents an increase of 170 per cent over the 74 million seedlings planted in 1980/81 before efforts commenced to eliminate the backlog of non-satisfactorily restocked areas. The targets with respect to existing stands represent increases from virtually no activity in 1985/86 and the target for seed orchard production represents a doubling of the current level.

Sources of Funding

There are five main sources of funding for silviculture.

	1985/86 — ($ Millions) —	1986/87	Per Cent Increase
Forest and Range Management Vote	57.6	61.2	6.3
Stumpage Offsets Under Section 88 of *Forest Act*	52.6	66.6	26.7
Forest Resource Development Agreement*	21.6	39.7	83.8
Small Business Enterprise Account	4.1	7.3	78.0
Forest Stand Management Fund	—	20.0	—
Total	135.9	194.8	43.3

* Includes federal contribution to cost-shared programs.

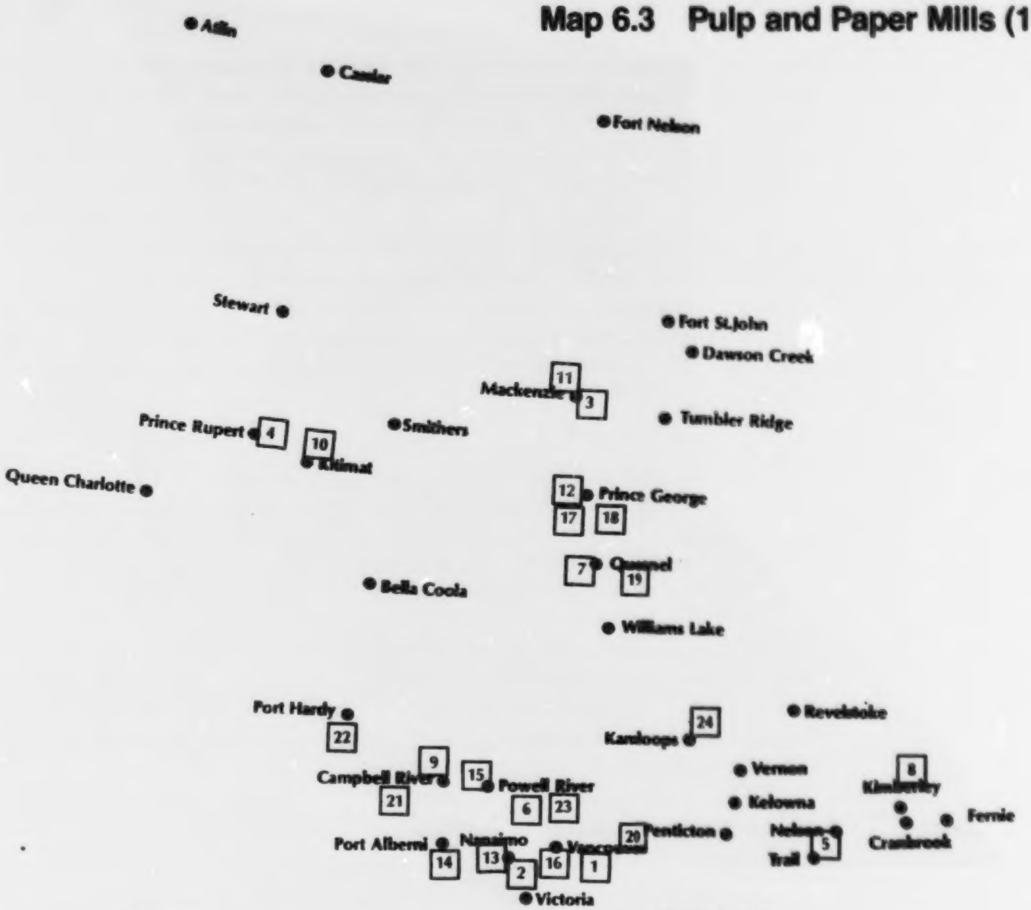
The Forest and Range Management Vote is the primary source of funds for government tree nursery and seed collection operations.

Section 88 stumpage offsets and the Small Business Enterprise Account are the primary source of funds for basic silviculture. Stumpage offsets under Section 88 of the *Forest Act* are credits against stumpage levies payable to the government by forest companies. Forest companies can earn credits by undertaking specific activities such as silviculture and road building which are approved by the Ministry of Forests. The Small Business Enterprise Account is credited with bonus bid revenue received from competitive timber sales to small logging companies, and is used to finance road construction and silviculture for these timber sales.

The primary source of funding for intensive silviculture is the Forest Resource Development Agreement (FRDA) which is a five year, $300 million federal-provincial agreement (1985-1990).

The Forest Stand Management Fund was created in 1986 to encourage widespread participation in the management and enhancement of British Columbia's forest and range resources, with an emphasis on employment and training opportunities. The provincial government has provided an initial contribution to the Fund of $20.0 million, which can be supplemented by contributions from the forest industry, the federal government, municipal governments, unions and other sources.

Map 6.3 Pulp and Paper Mills (1986)


Atlin
Cassiar
Fort Nelson
Stewart
Fort St.John
Dawson Creek
11
Mackenzie
3
Tumbler Ridge
Prince Rupert
4
10
Smithers
Kitimat
Queen Charlotte
12
Prince George
17
18
7
Quesnel
19
Bella Coola
Williams Lake
Port Hardy
22
24
Revelstoke
Kamloops
9
15
Campbell River
Powell River
21
6
23
Vernon
Kelowna
8
Kimberley
Fernie
Cranbrook
20
Penticton
Nelson
5
Trail
Port Alberni
Nanaimo
Vancouver
14
13
2
16
1
Victoria

Map Ref. No.	Company	Location	Annual Capacity* (000 tonnes) Pulp	Paper
1	Belkin Inc.	Burnaby	—	145
2	British Columbia Forest Products Ltd.	Crofton	730	450
3	British Columbia Forest Products Ltd.	Mackenzie	190	—
4	Westar Timber Ltd.	Prince Rupert	285	—
5	Westar Timber Ltd.	Castlegar	190	—
6	Canadian Forest Products Ltd.	Port Mellon	205	—
7	Cariboo Pulp and Paper Ltd.	Quesnel	280	—
8	Crestbrook Forest Industries Ltd.	Skookumchuk	186	—
9	Crown Forest Industries Ltd.	Duncan Bay	726	536
10	Eurocan Pulp and Paper Ltd.	Kitimat	349	349
11	Finlay Forest Industries Ltd.	Mackenzie	120	—
12	Intercontinental Pulp Co. Ltd.	Prince George	220	—
13	MacMillan Bloedel Ltd.	Harmac	340	—
14	MacMillan Bloedel Ltd.	Port Alberni	434	360
15	MacMillan Bloedel Ltd.	Powell River	635	585
16	Island Paper Mills Ltd.	Annacis Island	—	145
17	Northwood Pulp and Timber Ltd.	Prince George	500	—
18	Prince George Pulp and Paper Ltd.	Prince George	270	100
19	Quesnel River Pulp Co. Ltd.	Quesnel	182	—
20	Scott Paper Ltd.	New Westminster	28	80
21	CIP Inc.	Gold River	240	—
22	Western Pulp Ltd.	Port Alice	150	—
23	Western Pulp Ltd.	Squamish	160	—
24	Weyerhaeuser Canada Ltd.	Kamloops	415	—
			6,835	2,750

*As at May 1986

For integrated mills, pulp capacity includes pulp which is used internally to produce paper and to produce market pulp (if any) which is shipped from the mill site.

The Fire Suppression Program is closely linked to, and supported by, the Forest Protection Program, but is separately managed and funded. There were 3,603 fires which burned 232,687 hectares of land in 1985/86, compared to 3,063 fires which burned 19,908 hectares in the previous year. Fire suppression expenditure was $129 million in 1985/86 compared to $38 million in 1984/85.

Forest Resource Development Program (ERDA)

During 1985/86, the first year of the Forest Resource Development Subsidiary Agreement provided $24 million for reforestation and intensive forest management activities. This amount included the growing of seedlings, site rehabilitation and planting, post-planting and silviculture activities. The five year agreement will provide $300 million, shared equally between the federal and provincial governments.

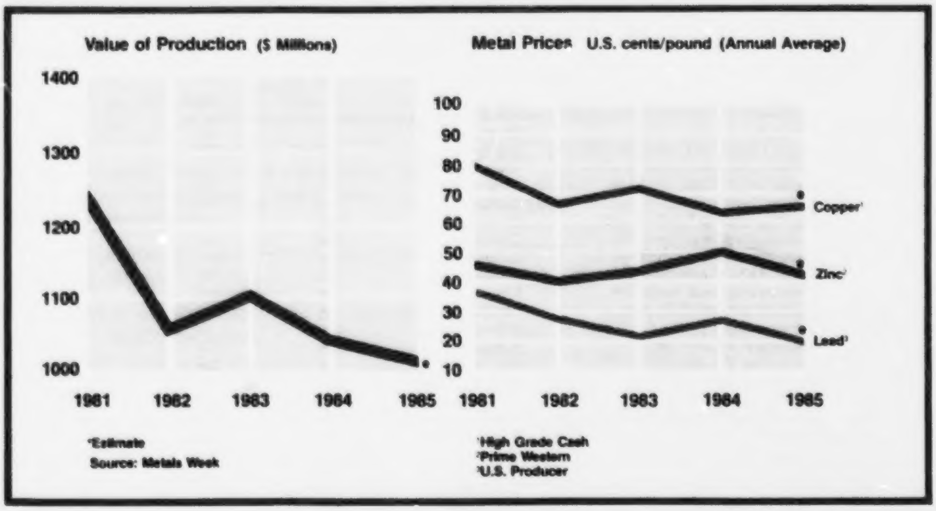
Minerals

The total value of mineral production in 1985 is estimated at $3.45 billion, up 3.1 per cent from the 1984 level of $3.35 billion (see Appendix Table 6.3). While the production values of coal, petroleum and natural gas products were up slightly, industrial minerals and metals recorded lower annual values in 1985. For an annual total production comparison see Appendix Table 6.4.

Metals

The total value of metals production in 1985 decreased by 2.3 per cent to $1,013.1 million (see Chart 6.5). The production values of most major metals decreased, with the exceptions of copper and lead. Production volumes for both copper and lead were up significantly, while molybdenum and gold suffered major volume declines.

Chart 6.5 **Value of British Columbia Metallic Mineral Production**



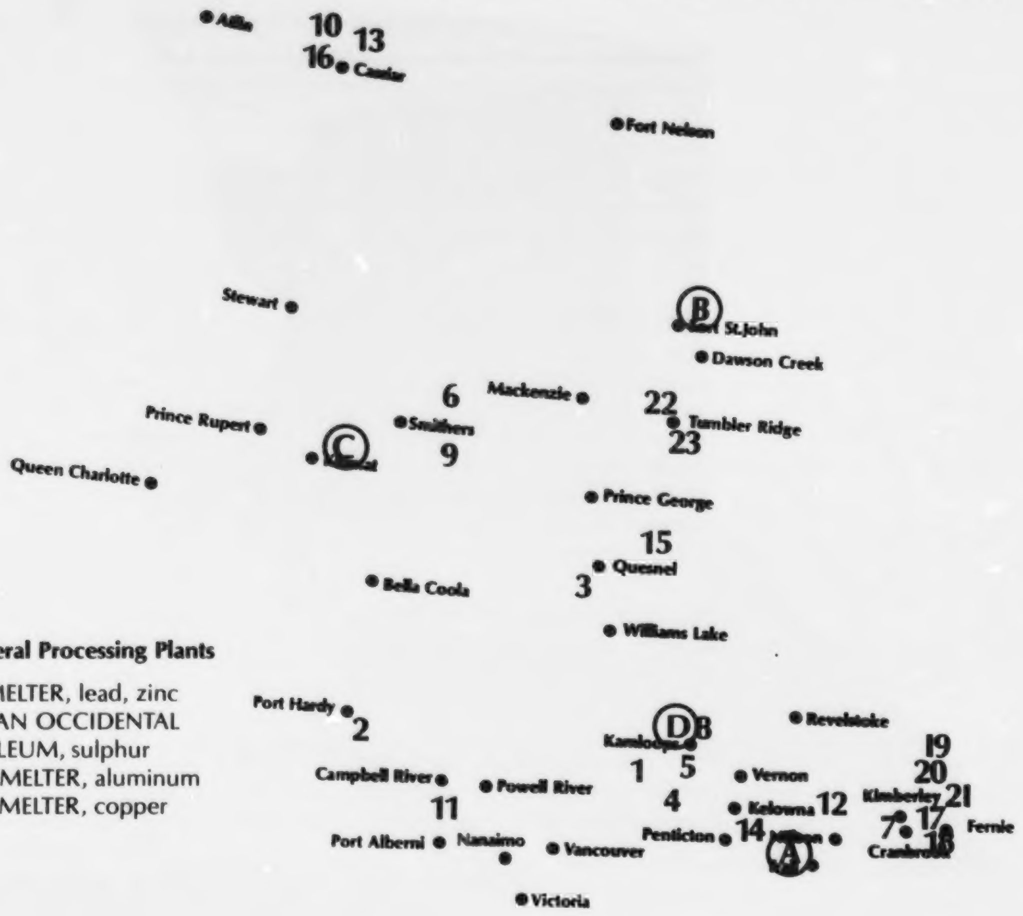
•Estimate
Source: Metals Week

¹High Grade Cash
²Prime Western
³U.S. Producer

Structural Materials

The value of structural materials production in 1985 was $199.7 million, up 4.0 per cent from the 1984 value of $192.1 million. Cement and sand and gravel increased in volume produced, but sand and gravel decreased slightly in value terms.

Map 6.4 Major Operating Mines (1985)


Atlin
10
13
16
Cassiar
Fort Nelson
Stewart
B
St.John
Dawson Creek
6
Mackenzie
22
Tumbler Ridge
23
Prince Rupert
C
Smithers
9
Queen Charlotte
Prince George
15
Quesnel
3
Bella Coola
Williams Lake
Port Hardy
2
D
8
Revelstoke
Kamloops
1
5
19
20
Vernon
Campbell River
Powell River
11
4
Kelowna
12
Kimberley
21
Penticton
14
7
17
Fernie
18
Cranbrook
Port Alberni
Nanaimo
Vancouver
A
Victoria

Primary Mineral Processing Plants

A TRAIL SMELTER, lead, zinc
B CANADIAN OCCIDENTAL PETROLEUM, sulphur
C ALCAN SMELTER, aluminum
D AFTON SMELTER, copper

Map Ref. No.	Company	Location	Daily Rated Capacity (tonnes)	Products
1	Lornex Mining Corporation Ltd.	Highland Valley	78,000	Copper, molybdenum
2	Utah Mines Ltd. (Island Copper)	Rupert Inlet	37,200	Copper, molybdenum
3	Gibraltar Mines Ltd.	Granite Mountain	36,300	Copper, molybdenum
4	Newmont Mines Ltd. (Similkameen Div.)	Princeton	20,000	Copper
5	Cominco Ltd. (Valley)	Highland Valley	19,000	Copper
6	Bell (Noranda)	Babine Lake	17,000	Copper, gold, silver
7	Cominco Ltd. (Sullivan)	Kimberley	9,100	Silver, lead, zinc, iron
8	Afton Mines Ltd.	Kamloops	6,350	Copper, gold, silver
9	Equity Silver Mines Ltd. (Sam Goosly)	Houston	4,500	Copper, gold, silver
10	Brinco Mining Ltd. (Cassiar Div.)	Cassiar	3,629	Asbestos
11	Westmin Resources Ltd.	Buttle Lake	907	Copper, zinc, lead, silver
12	Dickenson Mines Ltd. (Silmonac)	Slocan Lake	125	Silver, lead, zinc.
13	Erickson Gold Mining Corp.	Cassiar	110	Gold
14	Teck Corporation (Highland Bell)	Beaverdell	105	Silver, lead, zinc
15	Mosquito Creek Gold Mining Co. Ltd.	Wells	100	Gold, silver
16	Taurus Resources Ltd.	Cassiar	98	Gold
17	Westar Mining Ltd. (Balmer)	Fernie	—	Coal
18	Westar Mining Ltd. (Greenhills)	Fernie	—	Coal
19	Fording Coal Ltd.	Natal	—	Coal
20	Crows Nest Resources Ltd. (Line Creek Mine)	Sparwood	—	Coal
21	Byron Creek Collieries	Corbin	—	Coal
22	Bullmoose	Tumbler Ridge	—	Coal
23	Quintette	Tumbler Ridge	—	Coal

Industrial Minerals

The total value of industrial minerals production in 1985 showed a decline from the previous year of 7.6 per cent to $106.0 million. Asbestos accounted for all of the overall decline, with both lower volume and value figures.

Mineral Exploration

Mineral claim staking declined to 53,061 claims in 1985 from 81,729 in 1984. Exploration expenditures were estimated at $66.4 million in hard rock and $12.8 million in coal for a total of $79.2 million.

Petroleum and Natural Gas

Exploration activity increased in the petroleum and natural gas industry during 1985. Drilling activity, bonus bids paid for oil and natural gas rights, and the areas under tenure all showed a substantial increase over the previous year. The number of wells drilled totalled 237, 39 more than in 1984 and the number of seismic crew weeks increased to 271, from 238 in the previous year. The Desan Lake oil development proved disappointing but drilling activity was maintained by incentives introduced to attract oil exploration and infill drilling in established oil fields (see Energy Policy for description of incentives).

The value of petroleum and natural gas production increased to $1,067.0 million in 1985, with the value of crude oil production up 0.3 per cent and natural gas up 12.4 per cent from 1984.

Coal

The value of coal production in 1985 increased to $1,067.4 million, up 6.7 per cent from the previous year. Increased metallurgical coal volumes from the North East coalfields accounted for most of this increase (see Chart 6.6).

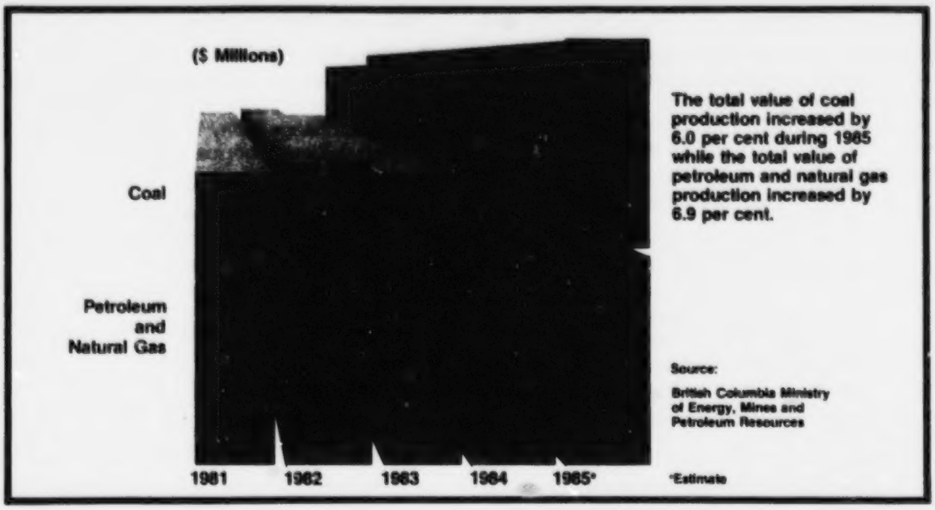
Table 6.7

Economic Indicators of Activity in Petroleum and Natural Gas

		1983	1984	[redacted]	Change 1984–1985
				[redacted]	(per cent)
Oil production	(10^3m^3)	2,079	2,094	[redacted]	−6.5
Natural gas production	(10^6m^3)	6,900	7,347	[redacted]	8.3
Number of wells authorized		110	284	[redacted]	−4.2
Number of wells drilled		76	198	[redacted]	19.7
Seismic crew-weeks		106	238	[redacted]	13.9
Provincial reserves				[redacted]	
Oil	(10^6m^3)	23.5	18.8	[redacted]	7.4
Raw gas	(10^9m^3)	292	290	[redacted]	1.0
Provincial government petroleum and natural gas revenue[1]	($000)	333,263	337,886	[redacted]	−17.9

[1] Provincial government revenue is on a fiscal year basis (e.g., 1985 represents the 1985/86 fiscal year).

Chart 6.6 **Value of Petroleum, Natural Gas and Coal Production**



The total value of coal production increased by 6.0 per cent during 1985 while the total value of petroleum and natural gas production increased by 6.9 per cent.

Source:

British Columbia Ministry of Energy, Mines and Petroleum Resources

*Estimate

Resource Management Programs

The Ministry of Energy, Mines and Petroleum Resources regulates the energy and mineral industries and ensures the orderly development of the resources. The ministry's responsibilities include mine worker safety, mine reclamation practices, administration of laws relating to mineral tenure, and geological, statistical and financial studies.

Mineral Development Programs (ERDA)

During 1985/86, the first year of the federal/provincial Mineral Development Subsidiary Agreement provided $1.2 million to encourage mineral development through geological, infrastructure, market and feasibility studies. This program will provide $10 million over five years.

Energy Policy

In August 1985, the province proclaimed a program of royalty holidays for all oil wells drilled between June 30, 1985 and June 30, 1989. Exploratory wells qualify for a three-year provincial royalty holiday while most other types of oil wells are eligible for a two year royalty-free period. New well spacing regulations were also introduced to encourage infill drilling and more effective oil recovery.

In October, 1985, the governments of Canada, British Columbia, Alberta and Saskatchewan signed an Agreement on Natural Gas Markets and Prices, which replaced government administered pricing with a market-oriented regime for both domestic and exported natural gas. The agreement prescribed a 12-month transition period to develop a system in which prices of all natural gas in interprovincial trade will be determined by negotiation between buyers and sellers.

THE CRITICAL INDUSTRIES COMMISSION

In April 1985, the government announced the appointment of a Commissioner of Critical Industries. The Commissioner is empowered, under the *Critical Industries Act*, to recommend to the Executive Council that specific industries, or parts of industries, be designated as "critical" industries, that is, industries important to the provincial economy and experiencing difficult economic and financial conditions. To date, the forest, mining (excluding coal mining) and primary steel industries have been designated as critical.

The Commissioner has broad powers of consultation and mediation to enable him to fulfill the objectives of the legislation, which are to assist business enterprises and interested parties to co-operate in order to allow businesses which are experiencing difficulty in the designated critical industries to continue in operation or re-open. The Commissioner first determines the particular needs of a critical enterprise in a designated industry, analyses the compromises required by interested parties, including creditors, trade unions and public bodies, and proposes an Economic Plan to enable the critical enterprise to re-open or continue operations. Participation in an Economic Plan is voluntary, but all affected parties must agree to the Plan before it can be put into place. Such plans are generally expected to involve financial sacrifices by all of the affected parties.

The participation of public bodies in an Economic Plan (including the provincial government, municipal governments and provincial Crown corporations) primarily involves a reduction in property taxes and British Columbia Hydro electricity rates, as authorized under the Act, which has a two year sunset clause, with expiry in July 1987.

The Commissioner has rejected the majority of cases brought to his attention on the grounds of lack of financial viability or insufficient co-operation among the parties involved.

To date, the Commissioner has negotiated nine Economic Plans for operations employing over 2,100 people with about $300 million in annual sales. Although the documentation for some of these Economic Plans has yet to be completed, all are expected to proceed.

The nine Economic Plans developed to date cover five forest product firms and four mines. The forest product firms are engaged in logging, plywood production and lumber sawmilling. The mining companies produce copper, molybdenum and clay-fired products.

The contributions made by the participants to the Plans have included the following major elements.

- **Wage Reductions**

  In some cases rates of pay have been frozen, with existing labour contracts extended for up to two years with no change in pay. In other cases wage rates have been reduced significantly.

- **Tax and Fee Reductions**

  The provincial government and participating municipalities have agreed to property tax reductions. These have included the immediate elimination of school taxes on machinery and equipment, instead of the phase-out over three years as proposed in the provincial government's 1985 tax reductions applicable to all business. Other property taxes, both provincial and municipal, have been reduced by up to 50 per cent.

  Minor social service tax exemptions have been granted by the provincial government and unpaid fees due to the provincial Ministry of Forests have been waived in some instances.

- **Electricity Rates**

  Rate discounts of up to 50 per cent have been granted by British Columbia Hydro for limited periods, which will benefit the affected firms and increase sales of electricity during a period when British Columbia Hydro has a surplus of hydro power.

- **Loan Eliminations and Conversions**

  In recognition of the excessive debt load carried by some of the firms, banks and other financial institutions have agreed to write off some debt, to reduce interest rates on debt and to convert loans to equity, sometimes in the form of preferred shares. The extent of the write-offs and conversions has been determined by the financial condition of the business firm concerned. In some cases the British Columbia Development Corporation has provided new loans.

- **Equity Infusions**

  Additional equity has been provided by employees, who thereby become part-owners, and by existing owners.

- **Profit-Sharing**

  In return for wage concessions by employees, profit-sharing plans have been introduced, giving employees a strong incentive to help return the business to a profitable basis. Future increases in wages have also been linked to increases in the prices of products produced by the firms.

The success of the program to date is due to the diversity of the contributions, the flexibility of the arrangements and the willingness of all participants to consider financial sacrifices. The skill of the Commissioner has resulted in arrangements which should enable the affected firms to continue in operation and return to profitability.

This agreement complemented British Columbia initiatives embodied in the *Natural Gas Price Act*, which provides for the restructuring of the financial and institutional framework of the natural gas industry to encourage competitive and aggressive marketing. A key element of the new legislation was the explicit royalty system on wellhead revenues including revenue from export sales of natural gas, introduced effective July 1, 1985.

Initiatives to promote natural gas sales were continued throughout the year. A 15 year export sale was negotiated and approved by the National Energy Board and a 25 year export sale was negotiated with deliveries commencing in 1989. The direct sale of gas by British Columbia producers to domestic industrial customers is being facilitated by special arrangements with the British Columbia Petroleum Corporation while deregulation procedures are being established.

The Westcoast Transmission Company Limited natural gas liquids "straddle plant" at Taylor was placed in operation in 1985 to remove saleable propane and butane from the marketable natural gas stream.

In recognition of the surplus of hydroelectricity in the province, the government enacted the *Industrial Electricity Rate Discount Act* in June, 1985. The act provides for rate discounts on incremental consumption of surplus hydroelectricity by large qualifying consumers. The objectives of this program are to increase industrial output and improve British Columbia Hydro and Power Authority's financial position. At the end of 1985, eight industrial customers had qualified for rate discounts of up to 50 per cent on sales totalling 900 gigawatt-hours annually.

The longer term prospects for the sale of surplus electricity to export markets is also under examination.

Tourism

Tourism contributes almost five per cent to the gross domestic product of British Columbia and generates approximately 103,000 person-years of employment for British Columbians working in more than 10,000 businesses.

The tourism industry in British Columbia has shown significant growth in the past three years. Tourism revenue in 1985 increased to an estimated $2.41 billion from $2.33 billion in 1984 (see Chart 6.7). This increase of 3.5 per cent in 1985 follows increases of 7.9 per cent and 7.3 per cent in the two previous years. Over one-half of the tourism expenditure in British Columbia accrues to the Lower Mainland and Vancouver Island areas of the province (see Map 6.5).

The number of visitors to British Columbia totalled 12.4 million during 1985, an increase of 1.8 per cent from the previous year. A significant increase occurred in visitors from the United States; however, the number of visitors from overseas declined.

Table 6.8

Tourism Revenue

	1984	[redacted]	Change 1984–1985
Non-Residents	($ millio	[redacted]	(per cent)
Canadian	665	[redacted]	4.4
United States	470	[redacted]	8.1
Overseas	195	[redacted]	−5.1
Total Non-Residents	1,330	[redacted]	4.3
Total British Columbians	995	[redacted]	2.4
Total	2,325	[redacted]	3.5

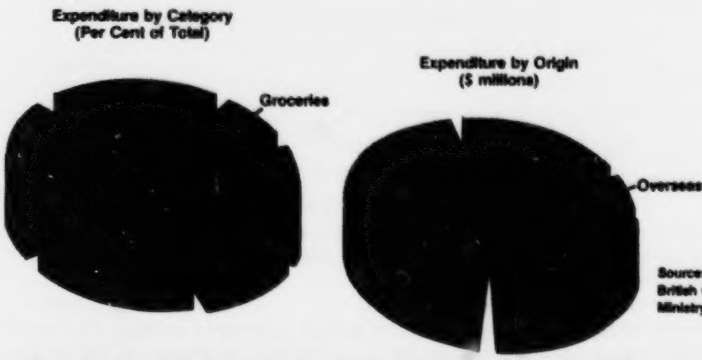
Source: British Columbia Ministry of Tourism.

Tourism Programs

Tourism policy in British Columbia places emphasis on the role of government to develop and increase the value of tourism by marketing British Columbia directly as a travel destination and by assisting the tourism industry to become more competitive and to market itself more effectively.

The Ministry of Tourism coordinates tourism advertising, visitor information centres within the province, sales offices in London (England), San Francisco, Los Angeles and Seattle, provides accommodation counselling services, assists in the development of tourism and promotes special events, trade conventions and the commercial film industry. Expenditure of the ministry in 1985/86 was over $10 million.

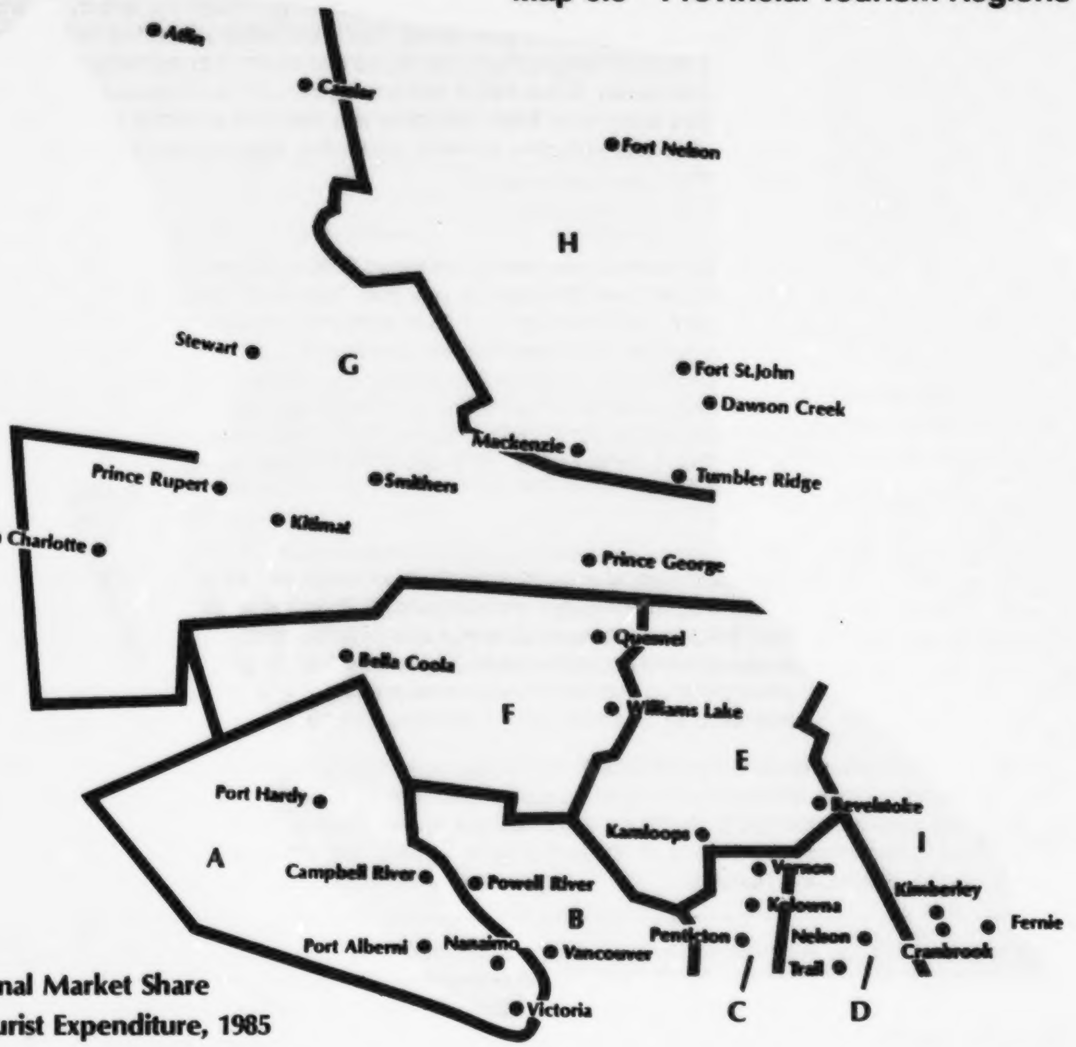
Chart 6.7 Tourism in British Columbia, 1985



Source:
British Columbia
Ministry of Tourism

Expenditure by tourists reached $2.41 billion in 1985, up 3.5 per cent from 1984. Over seventy-one per cent of tourist revenue was provided by visitors from within the province and other parts of Canada, while United States visitors accounted for the majority of the remainder.

Map 6.5 Provincial Tourism Regions


Atlin
Cassiar
Fort Nelson
H
Stewart
G
Fort St.John
Dawson Creek
Mackenzie
Prince Rupert
Smithers
Tumbler Ridge
Kitimat
Queen Charlotte
Prince George
Quesnel
Bella Coola
F
Williams Lake
E
Port Hardy
Revelstoke
Kamloops
I
A
Campbell River
Powell River
Vernon
Kimberley
Kelowna
Fernie
B
Port Alberni
Nanaimo
Vancouver
Penticton
Nelson
Cranbrook
Trail
Victoria
C
D

Regional Market Share of Tourist Expenditure, 1985

	Region	($ Millions)	Per Cent of Total
Vancouver Island	A	522	21.7
Southwestern B.C.	B	792	32.9
Okanagan Similkameen	C	287	11.9
Kootenay Country	D	98	4.1
High Country	E	216	9.0
Cariboo	F	94	3.9
North by Northwest	G	190	7.9
Peace River/Alaska Hwy.	H	63	2.6
Rocky Mountain	I	144	6.0
TOTAL		2,406	100.0

Source: British Columbia Ministry of Tourism

Agriculture and Food Industry

British Columbia's agriculture and food industry is a complex integrated system contributing significantly to the provincial economy through the activity of farmers, farm workers, suppliers of farm inputs, food processing plants, food distributors and food retailers ranging from food stores and caterers to restaurants and institutional outlets. Value-added and employment are also created through the food related activities of firms, industries and agencies providing transportation, storage, financial and other services, packaging materials and processing equipment.

Farm cash receipts reached an estimated $993.6 million during 1985, an increase of 1.4 per cent over the previous year (see Table 6.9). Dairy receipts were up by 2.9 per cent, cattle and calf by 1.2 per cent and horticulture by 0.9 per cent. Adverse weather and weak markets contributed to a decline in receipts from grain and oil seeds while depressed prices led to a decline in hog receipts. Expenditure on farm inputs declined by 0.9 per cent, which was only the second decline in over a decade, to $812.5 million during 1985. After adjustments for inventory change, net farm income in 1985 was $174.8 million, an improvement of 3.4 per cent over 1984.

The manufactured value of agricultural products processed and marketed in British Columbia reached an estimated $2.75 billion in 1985, up 1.1 per cent over the 1984 value. At the retail level, sales of food and non-alcoholic beverages from stores reached an estimated $4.3 billion, up 1.6 per cent from 1984; sales by the provincial food service industry (restaurants, caterers and taverns) reached an estimated $1.53 billion, up 7.2 per cent from 1984.

Table 6.9

British Columbia Farm Cash Receipts

	1984	[redacted]	Change 1984–1985
	($ thou	[redacted]	(per cent)
Grains and oilseeds	47,202	[redacted]	−12.4
Horticultural crops	236,553	[redacted]	0.9
Cattle and calves	148,280	[redacted]	1.2
Hogs	47,307	[redacted]	−1.0
Dairy products	228,222	[redacted]	2.9
Poultry and eggs	150,654	[redacted]	0.3
Other products	121,463	[redacted]	7.7
Total	979,681	[redacted]	1.4

Table 6.10

Activity Indicators of the Agricultural Industry

	1984	[redacted]	Change 1984–1985
			(per cent)
Number of agricultural holdings (thousand)	20	[redacted]	—
Cultivated land area (thousand hectares)	960	[redacted]	−15.2
Farm cash receipts ($ thousands)	979,681	[redacted]	1.4
Food and beverage manufacturing shipments ($ millions)	2,720	[redacted]	1.1

[1] Estimated.

Agriculture and Food Programs

During 1985/86, the Ministry of Agriculture and Food administered programs designed to assist both producers and processors of agricultural products. The programs reflect the government's policy of preserving the best use of agricultural land and ensuring a stable and adequate food supply.

Farm Income Insurance

The Farm Income Insurance Program is jointly funded by producers and government. For the fiscal year ended March 31, 1986 the provincial government contributed $25.6 million to the program. Claims paid for the same period totalled $52.2 million, primarily for beef and tree fruit producers. Low market prices were experienced for beef and tree fruits which contributed to farm losses in those commodities.

Agricultural Credit Program

Provisions under the Agricultural Credit Program include provincial guarantees to banks and credit unions in support of farm loans, partial reimbursement of farm loan interest costs, direct loans to a maximum of $35,000 to finance farmland development and grants up to $40,000 to greenhouse operations as an incentive to adopt proven new technology.

In order to ease financial restraints on farm operators the provincial government has issued 424 guarantees totalling $43.8 million since 1974. At March 31, 1986 guaranteed loans outstanding totalled $4.1 million.

From its inception in 1974 to March 31, 1986 the Partial Interest Reimbursement Program has paid $93.8 million to farm operators to reduce the effective interest rate on agricultural loans. Under the Agricultural Land Development Assistance Program direct loans of $1.2 million were made to farmers in 1985/86. Total loans outstanding at March 31, 1986 amounted to $17.3 million.

Farm Product Industry Improvement Account

Under the *Farm Product Industry Act*, this special account was established in 1974 to provide funds for grants, loans and loan guarantees for the development, expansion and modernization of processing facilities for British Columbia agricultural products. At March 31, 1986 loans totalling $136,000 were outstanding under the act and the provincial government had an additional contingent liability of $280,000 in loan guarantees.

Agriculture and Food Development Agreement

A five year Agriculture and Food Development Sub-Agreement was signed with the federal government in July 1985. Total funding of $40 million is provided under this agreement with $9 million allotted to productivity enhancement, $17.5 million to resource development and $13.5 million to commodity development.

Agricultural Research

During 1985/86, $150,000 was allocated in cooperation with the University of British Columbia, and a further $300,000 was distributed through a Ministry of Agriculture and Food program aimed at demonstrating technological advances to farmers.

Aquaculture

Interest in commercial fish farming has increased dramatically and the number of fish farms increased to 35 in 1985 from 12 in 1984. Total production of fish farms in British Columbia in 1985 was valued at $4.9 million and is expected to increase many times by 1990. In 1985, oysters represented 51 per cent, salmon 36 per cent and trout 13 per cent of output value. During the fiscal year 1985/86, assistance was provided to the industry under several new and existing programs including assistance under the *Agriculture Credit Act* ($640,000 in guaranteed loans and $40,000 in partial interest reimbursement), under the Aquaculture Incentive Program ($1.2 million in interest free loans), under the Low Interest Loan Assistance program ($166,000 in low interest loans), and under the Small Business Venture Capital Program ($75,000 in investment capital).

Fisheries

Strong cycle years coincided in 1985 for three of the Pacific salmon species to produce one of the largest salmon catches on record. Primarily as a result of these increases, the total wholesale value of fisheries production in British Columbia rose by 33.8 per cent to an estimated $625 million.

Table 6.11

Wholesale Marketed Value of Fish Products

	1975	1980	1984	[redacted]	Change[2] 1984–1985
		($ millions)			(per cent)
Salmon	100	289	276	[redacted]	61.2
Herring	35	48	99	[redacted]	−9.1
Halibut[3]	13	12	14	[redacted]	8.7
Groundfish[4]	13	40	52	[redacted]	−3.3
Shellfish	5	15	26	[redacted]	−3.8
Total	166	404	467	[redacted]	33.8

[1] Preliminary.

[2] Percentage change based on unrounded numbers.

[3] Includes halibut landings at United States ports by British Columbia fishermen.

[4] Includes hake landings to foreign vessels in co-operative fishing arrangements.

Source: Fisheries Production Statistics of British Columbia Marine Resources Branch, Ministry of Environment.

While total salmon landings more than doubled, the wholesale value of salmon products increased by only 61.2 per cent as changes in the species mix and some price reductions moderated the effect of the increase in landings. Production from the Salmonid Enhancement Program accounted for an estimated 14 per cent of the 1985 catch.

The wholesale value of herring products fell by an estimated 9.1 per cent in 1985, due to a 25 per cent decline in landings.

Fisheries Management Program

The provincial government, through the Fisheries Management Program, conserves and manages freshwater fisheries, marine resources and associated habitats. This program is carried out through maintenance of population and habitat inventories, regulation of sports fisheries and environmental research. In addition, the program is responsible for management of mariculture leases, licensing and regulation of the fish buying and processing sector and representing the province in international fisheries negotiations.

Manufacturing

The value contributed by manufacturing to GDP in British Columbia in 1984 was $6.2 billion. The manufacturing sector is dominated by processing and refining of natural resources. As shown in Table 6.12, forest-related industries accounted for 45.4 per cent of the share of GDP provided by manufacturing industries during 1984.

Table 6.12

Gross Domestic Product by Manufacturing Industry (at factor cost)

Industry	[redacted]	Share of Manufacturing Total
	[redacted]	(per cent)
Forest-related	[redacted]	45.4
Mining-related (including smelting and refining)	[redacted]	12.8
Metal-related (machinery, fabrication and transportation equipment)	[redacted]	13.3
Agriculture-related	[redacted]	11.5
Fishing-related	[redacted]	2.9
Other	[redacted]	14.1
Total	[redacted]	100.0

Source: British Columbia Economic Accounts.

The value of manufacturing shipments increased by 7.7 per cent in 1985 to $19.1 billion. The largest increases were recorded by wood products (13.0 per cent), clothing (11.0 per cent) paper and allied products (8.7 per cent), refined petroleum and coal products (9.7 per cent) and transportation equipment (9.5 per cent). Only primary metals and electrical and electronic products declined (4.0 per cent and 0.9 per cent respectively). Details of manufacturing shipments by industry are provided in Appendix Table 6.8.

Business and Industrial Development Activities

The Ministry of Industry and Small Business Development is responsible for promoting regional and industrial development in British Columbia. The ministry's main programs are administered by the Business and Industrial Development Division, which coordinates negotiations leading to intergovernmental and joint government-industry programs and projects. The division is responsible for provincial liaison with federal government departments on matters of economic and industrial development and for evaluating applications to Investment Canada.

In addition, the division coordinates federal-provincial activities under the ten-year Canada-British Columbia Economic and Regional Development Agreement (ERDA).

Small Business Services

The Small Business Services Branch provides counselling to entrepreneurs in order to improve their business skills and thereby strengthen and stabilize the small business sector of the provincial economy. During 1985, the branch, through more than 80 Community and College Business Information Centres operating throughout the province, responded to more than 110,000 requests for business information and counselling.

In 1985, in cooperation with the Ministry of Labour, local Chambers of Commerce, and the Royal Bank of Canada, the branch administered for the second year, the Student Venture Loan Program. The program provided $584,000 in interest-free loans to 289 projects and created approximately 506 full-time student summer jobs.

Economic and Regional Development Program

The ten year Canada-British Columbia Economic and Regional Development Agreement (ERDA), signed in November 1984, provides a framework for closer economic cooperation and coordination with the federal government by means of specific sub-agreements. Eight subsidiary agreements have been concluded to date under the ERDA, representing a joint commitment by the federal and provincial governments to invest $589.5 million over five years in key sectors of the British Columbia economy: forestry ($300 million), industrial development ($125 million), agriculture ($40 million), science and technology ($20 million), minerals development ($10 million), small business incentives ($50 million), travel industry ($30 million) and the Victoria Convention Centre ($14.5 million).

All sub-agreements are funded 50 per cent by the federal government and 50 per cent by the provincial government.

Industrial, Tourism and Small Business Development Programs

Programs under the $125 million Industrial Development Sub-Agreement and the $50 million Small Business Incentives Sub-Agreement will support manufacturing and processing industries to meet a range of modernization needs through the use of advanced technology, encourage additional value-added processing of primary resources, and support adaptation and diffusion of technology to industry. Programs under the $30 million Tourism Development Sub-Agreement will support the development and marketing of the province's tourism products. In addition, the federal-provincial agreement to provide funds for the construction of a convention centre in Victoria will enhance the tourism potential of Vancouver Island.

Since the inception of these programs in 1985, more than 100 projects have received approval for funding, totalling $22 million. Over 2,600 jobs will be created or maintained as a result of these projects.

Venture Capital Program

During 1985, the ministry introduced the Small Business Venture Capital Program, which provides risk capital to eligible small businesses involved in the manufacturing, processing, tourism, research and development and aquaculture sectors by means of Venture Capital Corporations. Investors in Venture Capital Corporations (VCCs) receive a tax credit or grant, equal to 30 per cent of the amount received by the corporation for the shares issued.

To date, 29 VCCs have been approved, representing over $32 million in approved equity capital.

LILA Program

The ministry is responsible for the financing of activities under the Low Interest Loan Assistance (LILA) Program, administered by the British Columbia Development Corporation. The total value of loans approved under this program since its inception is $69.9 million, including $15 million approved during 1985/86.

International Trade and Investment Activities

The Ministry of International Trade, Science and Investment is responsible for matters relating to trade policy, international marketing and the encouragement of investment in or by businesses in the province. During the past year, the government's activities in all these areas have increased substantially.

International Marketing

In the area of international marketing the ministry provided assistance to over 1,600 firms and aided in direct sales of over $31 million of British Columbia products.

Investment Promotion

Initiatives such as overseas and incoming investment missions, special presentations and counselling, and business immigration assistance helped realize approximately $200 million in new investment during 1985.

Expo 86 Business Visitors Program

The ministry implemented the Expo 86 Business Visitors Program, an initiative aimed at capitalizing on trade and investment opportunities arising from Expo 86. Up to 4,000 business visits are expected to be accommodated under this program during the course of the exhibition.

Trade Policy Activities

In the Trade Policy area, the ministry has become actively involved in preparations for the Canada/United States trade negotiations, and in preparations for a new round of Multilateral Trade Negotiations.

FINANCIAL INCENTIVES FOR ECONOMIC DEVELOPMENT

The provincial government funds and administers a wide range of economic development programs which provide financial incentives directed toward strengthening and diversifying the provincial economy. These programs assist existing, new, expanding and modernizing businesses across a variety of sectors, including: agriculture and food, aquaculture, manufacturing and processing, tourism, natural resources, high technology, research and development, and export development.

Research/Development:

Effective research/development activities can assist British Columbia firms to maintain or enhance their ability to compete in domestic and international markets. There are five broad-based provincial programs designed to provide incentives to enterprises engaged in research/development activities related to advanced technology, food services and processing, industrial development, manufacturing/processing and tourism. Incentives are in the form of loans, investments, grants and contributions.

PROGRAM OR SERVICE	PURPOSE	FORM OF ASSISTANCE	PROGRAM ADMINISTRATOR
Discovery Enterprise Program	To accelerate the commercialization of advanced technology in British Columbia.	Loans and/or equity investments in development projects.	Discovery Parks Inc.
Food Industry Development Program	To encourage the increased use of B.C. produce and food in the food service industry and to assist in the development and expansion of the processing sector of the B.C. food industry.	Grants are not to exceed 50% of eligible costs to a maximum of $50,000. The 3 categories to be considered are: (1) Food Product and Market Development (2) New Processing Technology Development (3) Productivity Advisory Services.	Ministry of Agriculture and Food
Opportunity Identification and Assessment Program	Identify industrial development opportunities and issues.	Cost sharing to conduct research studies and feasibility assessments.	Ministry of Industry and Small Business Development
Technical Assistance Program (TAP)	To assist companies engaged in manufacturing/processing to hire professionals to assist in developing corporate plans and operations.	50% of the costs incurred, to a maximum contribution of $5,000 for studies (i.e. market, feasibility, productivity, etc.)	Ministry of Industry and Small Business Development
Tourism Industry Support Program	To conduct major research activities of broad interest to the industry and to conduct specific opportunity identification research.	Contributions to B.C. tourism associations.	Ministry of Tourism

Training/Management Development:

There are three provincial programs designed to provide grant incentives to assist firms in the areas of human resource training and management development.

PROGRAM OR SERVICE	PURPOSE	FORM OF ASSISTANCE	PROGRAM ADMINISTRATOR
Assistance to Associations Program	To aid business, trade and industry associations in providing management development opportunities to their members.	50% of costs up to maximum of $2,500 per year.	Ministry of Industry and Small Business Development
Management Assistance Program (MAP)	To provide financial support for the hiring of outside consultants to assist in formal, in-depth studies of a specific management or planning aspect of a company's operations.	50% of the costs incurred, to a maximum of $5,000.	Ministry of Industry and Small Business Development
Tourism Industry Support Program	To aid industry associations in the development and production of manpower and management training materials.	Up to 100% of costs to B.C. tourism associations.	Ministry of Tourism

— Continued

FINANCIAL INCENTIVES FOR ECONOMIC DEVELOPMENT — *Continued*

Capital Costs:

Development, expansion and modernization of capital facilities is, in certain instances, the appropriate form of financial incentive to assist existing and new firms. There are ten major provincial programs designed to provide capital cost assistance, mainly in the form of loans with various limits. Grants and tax credits are also available under two of the programs.

PROGRAM OR SERVICE	PURPOSE	FORM OF ASSISTANCE	PROGRAM ADMINISTRATOR
Small Manufacturers' Incentive Program	To encourage small businesses, engaged in processing, manufacturing and advanced technology, to establish or expand production facilities for export sales or import replacement.	Interest free loans on 50% of equipment and leasehold improvement costs for a 3-year term, to a maximum of $50,000.	Ministry of Industry and Small Business Development
Low Interest Loan Assistance Program (LILA)	To provide for the acquisition of new, advanced machinery and equipment, or to establish new processing facilities.	Low interest loans on one-third of equipment and leasehold improvement costs for a 3-year term to a maximum of $200,000. Maximum eligible costs are $900,000.	B.C. Development Corporation
Industrial Development Assistance Program (IDAP)	To encourage businesses, engaged in processing or manufacturing, to establish, expand or modernize their operations.	Low interest loans on one-third of equipment and leasehold improvement costs for a 3-year term to a maximum of $500,000. Maximum eligible costs are $2 million.	B.C. Development Corporation
B.C. Development Corporation	Encourage establishment or expansion of economic activity within the province.	Repayable term loans at fixed interest rates.	B.C. Development Corporation
Aquaculture Incentive Program (AIP)	To encourage establishment and expansion of firms engaged in aquaculture production.	Interest free loans on 50% of equipment and leasehold improvement costs to a maximum of $100,000. Maximum eligible costs are $300,000.	Ministry of Industry and Small Business Development
Resource Industry Value-Added Program	To assist new and existing companies to produce specialty products based on B.C.'s natural resources, or to utilize under-exploited resources.	Provides low interest loans for up to 50% of capital costs. Minimum project size is $2 million.	Ministry of Industry and Small Business Development
Resource Industry Modernization Program	To assist existing manufacturing and processing companies in the resource sector to modernize operations by adopting new and advanced technology.	Provides contributions, normally repayable, for up to 30% of capital costs. Minimum project size is $2 million.	Ministry of Industry and Small Business Development
Small Business Venture Capital Program	To encourage private sector investment in selected economic sectors, e.g., manufacturing and processing, research and development, tourist resorts, aquaculture.	Tax credits equal to 30% of investment in a venture capital corporation.	Ministry of Industry and Small Business Development
Tourism — Product Development	Development of destination resorts, events and attractions.	Low interest loans — project must be part of a destination resort.	Ministry of Industry and Small Business Development
Industrial Diversification Program	To encourage companies to undertake projects that use advanced technology and that are in industry sectors countercyclical to B.C.'s traditional resource based industries.	Provides contributions of up to 30% of eligible capital costs and/or loans up to 50% of eligible capital costs. Minimum project size is $2 million.	Ministry of Industry and Small Business Development

Export Assistance:

Export assistance is provided through three different programs.

PROGRAM OR SERVICE	PURPOSE	FORM OF ASSISTANCE	PROGRAM ADMINISTRATOR
Trade Mission Program	Trade missions to countries outside Canada sponsored and coordinated by ministry personnel.	All transportation costs associated with the mission, interpreters, and cost of hosting official receptions.	Ministry of International Trade, Science and Investment
Market Development Program	To assist firms to assess potential export market opportunities outside B.C. or to establish marketing arrangements.	One economy return air fare from B.C. to the designated market to a maximum of $2,000.	Ministry of International Trade, Science and Investment
Trade Show Assistance Program	To access national and foreign markets through participation of companies in trade shows outside B.C.	Provides assistance towards exhibit space rental costs to a maximum of $2,500.	Ministry of International Trade, Science and Investment

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Source of material: "An Overview of Government Financial Assistance Programs", *B.C. Economic Bulletin*, Spring/Summer 1986.

Table 6.13

Activities of Ministry of International Trade, Science and Investment, 1985

Activity	[illegible]
Trade missions	[illegible]
British Columbia companies assisted in overseas market development	[illegible]
Incoming buyers	[illegible]
Companies given assistance to participate in trade shows	160

Science and Communications Activites

The Ministry of International Trade, Science and Investment became responsible for provincial science and communications activities in February 1986.

Science Council of British Columbia

The Science Council of British Columbia advises the government on research and development priorities and, supported by the Secretariat on Science, Research and Development, provides funding for research. In 1985/86, the Science Council funded $3.2 million for applied research and development awards, $600,000 for Graduate Research Engineering and Technology (GREAT) Awards and $250,000 for Industrial Post-Doctoral Fellowships.

Discovery Foundation

The Discovery Foundation, a non-profit society, and its wholly-owned subsidiary, Discovery Parks Incorporated, were established to advance scientific, technological and industrial research parks. These parks provide an opportunity for the industrial sector to work with the academic community in the development of advanced and high technology industry. "Discovery Parks" currently operate adjacent to the British Columbia Institute of Technology, at Simon Fraser University, and at the University of British Columbia, with plans for further development at the University of Victoria. Facilities which have been developed to date include a multi-tenant facility at the BCIT-Willingdon site, Microtel Pacific Research at Simon Fraser University and PAPRICAN at the University of British Columbia (under construction).

The Discovery Foundation, through its wholly-owned subsidiary Discovery Enterprises Inc., administers the Discovery Enterprise Program designed to provide risk capital for the early stages of commercialization of advanced technology products and processes. Over the past 3 years, $6.2 million has been invested in 28 advanced technology projects.

British Columbia Research Council

The British Columbia Research Council, a non-profit organization, undertakes both contract and government-funded research and provides assistance to the industrial sector. For 1985, revenues exceeded $7.7 million, of which 43.8 per cent came from industrial contract sources and 56.2 per cent from government contract and grant sources. Of the latter amount, $1.4 million was provided by the Government of British Columbia.

PUBLIC SECTOR PURCHASING POLICY

In March 1985 a new public sector purchasing policy was announced. The policy is administered by the British Columbia Purchasing Commission as the official purchasing agent for the provincial government, many Crown corporations and other public sector bodies.

Objectives

The objectives of the public sector purchasing policy are to minimize government purchasing costs by ensuring that goods and services are acquired at the best possible price and quality and to make maximum use of the public sector's purchasing power to create additional economic, business and employment opportunities in the province.

The emphasis of the new policy is on open, competitive bidding with due consideration also being given to economic value added factors in the awarding of purchase agreements and contracts. British Columbia has eliminated its former 10 per cent provincial and 5 per cent Canadian price preference on purchases over $200,000.

The policy was put in place because local suppliers can often provide goods and services at the same or lower cost than suppliers from outside the province but are unaware of the purchasing requirements of the public sector. Similarly, public sector bodies are often unaware of the existing or potential capability of local suppliers to meet their requirements, or of the willingness of outside suppliers to locate a portion of their production activity within British Columbia, or to sub-contract work to local firms without any increase in costs. Under the public sector purchasing policy, the Purchasing Commission is taking an active role to improve market information and identify opportunities where both lower cost purchases and greater economic development can be achieved.

Scope

The policy is a cooperative endeavour involving the Purchasing Commission, provincial government ministries, participating Crown corporations and public sector bodies such as schools and hospitals, and suppliers within and outside British Columbia. The provincial public sector in British Columbia spends in excess of $2 billion annually on goods and services, of which approximately one-half is currently spent outside the province.

Economic studies suggest that for every $1 million of additional public sector purchasing in British Columbia, direct and indirect employment will increase by 25 jobs and government revenues by $120,000.

Strategies

To achieve the objectives of the policy, the Purchasing Commission has introduced several initiatives.

The first includes coordinating and aggregating purchasing and contracting requirements for the public sector to reduce costs and maximize economic development. This initiative has recently led to the establishment of a major computer research, development and software marketing facility in Victoria, with an investment worth $21 million, expected to employ over 100 people.

A second initiative involves attempting to redirect the current $1 billion of out-of-province public sector purchases to local suppliers, and to out-of-province suppliers and new businesses willing to locate production activities in British Columbia or sub-contract work to local suppliers. Several actions are being taken in this regard including:

- increasing the use of local dealer, supply and distribution networks;
- reviewing all product standards used by the public sector to identify and amend, where appropriate, specifications which exclude, or create barriers for, British Columbia suppliers;
- providing specific and timely information to local suppliers;
- informing public sector bodies of the existing and potential capabilities of local suppliers; and
- working with public sector bodies, local suppliers and out-of-province suppliers to identify opportunities to reduce purchasing costs and increase economic development through joint ventures, sub-contracting arrangements or the formation of new British Columbia businesses.

To help carry out many of these initiatives the Purchasing Commission has developed a "computerized shopping catalogue" for the public sector, called "SupplyNet", which contains extensive information and data on suppliers, prices and availability of goods and services routinely purchased by the public sector. Suppliers are encouraged to list their products and prices on the system and public sector bodies are free to obtain access to this information.

Results to Date

The new policy has been well received by both the private and public sectors. More than 100 new business opportunities have been identified to date with significant job creation potential for the province over the next two years. Prominent examples include a research, development and software marketing centre in Victoria, a new printing plant in Kamloops employing 75 people to print lottery tickets and a new company in Port Coquitlam employing 20 people to design and produce correctional centre security locking systems.

Many existing firms are also benefiting through the purchase at equal or lower cost from local suppliers of goods previously obtained from out-of-province suppliers, including weather recording units, snowplow equipment, nursery seedling trays and many other routine purchase requirements.

Science and Technology Development Sub-agreement (ERDA)

The ministry, in cooperation with the federal government, administers a $20 million, five year Science and Technology Sub-Agreement. The major program areas under the sub-agreement are computer sciences, microelectronics, applied mathematics and robotics, biotechnology and university-industry liaison offices.

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Table 1.1

Real Gross Domestic Product by Industry

Year	Primary[1]	Manufacturing	Construction	Transport Communications and Utilities	Trade	Services[2]	Public Administration	Total[3]
				(1971 $ millions)				
1964	548	1,180	395	929	763	1,726	505	6,318
1965	563	1,230	499	970	832	1,876	519	6,852
1966	611	1,302	607	1,041	872	2,044	537	7,287
1967	647	1,331	649	1,066	932	2,186	559	7,592
1968	688	1,443	556	1,145	990	2,332	554	7,921
1969	696	1,540	637	1,195	1,094	2,564	605	8,446
1970	754	1,460	594	1,235	1,137	2,624	633	8,589
1971	693	1,615	721	1,357	1,183	2,826	637	9,033
1972	695	1,711	766	1,493	1,341	3,047	653	9,685
1973	914	1,876	882	1,752	1,448	3,308	710	10,661
1974	817	1,933	862	1,892	1,577	3,555	744	11,008
1975	704	1,765	894	1,887	1,571	3,632	815	10,802
1976	871	2,034	857	2,000	1,641	3,826	855	11,607
1977	940	2,006	873	2,025	1,631	4,098	851	12,073
1978	916	2,065	876	2,036	1,691	4,277	893	12,626
1979	972	2,209	954	2,201	1,856	4,507	895	13,163
1980	1,005	2,313	1,126	2,289	1,984	4,689	892	13,822
1981	959	2,326	1,252	2,408	2,013	4,994	886	14,612
1982	870	2,085	1,093	2,361	1,801	4,975	936	13,908
1983	937	2,027	1,035	2,383	1,769	5,152	920	13,933
1984	1,009	1,993	922	2,384	1,819	5,230	944	14,248

[1] Includes agriculture, primary forestry, mining and fishing and trapping.
[2] Includes finance, insurance and real estate and commercial, business and personal services.
[3] Differs from sum of industries due to an unallocated residual which results from the process of deflating nominal data.
Source: British Columbia Economic Accounts.

Table 1.2

Summary Table of Economic Activity for British Columbia

	Units	1970	1971	1972	1973	1974
Annual aggregate indicators						
Population	thousands	2,128	2,185	2,241	2,302	2,376
Gross domestic product (at market prices)	$ millions	9,116	10,289	11,796	14,677	17,261
Personal income	$ millions	7,245	8,182	9,417	11,331	13,687
Capital investment	$ millions	2,233	2,899	2,895	3,433	4,096
Business incorporations	number	6,406	7,953	9,024	9,412	9,766
Labour statistics						
Labour force	thousands	871	899	938	987	1,040
Employment	thousands	805	834	865	920	976
Unemployment rate	per cent	7.7	7.2	7.8	6.7	6.2
Prices and earnings						
Consumer price index (Vancouver)	1981 = 100	40.5	41.8	44.1	47.3	52.8
Average weekly earnings	$	122.90	135.92	147.13	158.90	178.68
Wages and salaries	$ millions	4,700	5,360	6,081	7,314	8,844
Other indicators						
Manufacturing shipments	$ millions	3,766	4,237	5,021	6,394	7,411
Retail sales	$ millions	3,260	3,632	3,987	4,646	5,429
Housing starts	number	27,316	34,765	35,317	37,627	31,420
Non-residential building permits	$ millions	266	331	345	494	497
U.S. housing starts	thousands	1,434	2,052	2,357	2,045	1,338
Tourism revenue	$ millions	473	522	574	660	869
Commodity data						
Lumber production	thousand m³	18,142	21,039	22,292	24,251	20,702
Pulp production	thousand tonnes	4,101	4,332	4,453	5,166	5,272
Newsprint, other paper and paperboard	thousand tonnes	1,643	1,739	1,777	2,010	1,947
Coal production	thousand tonnes	2,399	4,141	5,467	6,925	7,757
Farm cash receipts	$ millions	218	222	251	348	409
Petroleum and natural gas production	$ millions	91	99	106	124	233
Landed value of fish products	$ millions	60	59	75	130	101

[1] Includes some estimates.

1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985[1]	Change 1984–1985
											(per cent)
2,433	2,467	2,499	2,542	2,589	2,666	2,744	2,791	2,821	2,858	2,885	0.9
19,053	22,647	25,269	28,250	32,919	37,496	43,195	44,459	47,238	49,974	53,069	6.2
15,787	18,098	20,280	22,806	25,974	30,253	35,443	38,591	40,523	42,338	44,286	4.6
4,423	5,197	5,593	6,201	7,451	9,519	11,885	10,102	9,346	8,787	8,864	0.9
10,621	12,642	13,509	15,215	17,616	21,380	23,368	11,432	13,787	14,052	15,581	10.9
1,087	1,117	1,148	1,202	1,239	1,301	1,361	1,370	1,389	1,410	1,431	1.5
995	1,021	1,050	1,103	1,144	1,213	1,270	1,204	1,197	1,202	1,228	2.2
8.5	8.6	8.5	8.3	7.6	6.8	6.7	12.1	13.8	14.7	14.2	N/A
58.6	64.3	68.9	74.3	80.0	87.5	100.0	110.5	116.6	121.3	125.2	3.2
204.96	231.30	253.23	268.50	291.56	323.97	362.77	396.99	423.35	429.41	441.33	2.8
10,200	11,849	13,269	14,374	16,377	19,085	21,780	22,732	23,293	23,571	24,916	5.7
7,326	8,856	10,060	12,235	14,631	15,896	16,782	15,647	16,985	17,695	19,062	7.7
5,939	6,675	7,287	8,227	9,195	10,572	12,000	11,766	12,257	13,005	14,304	10.0
34,152	37,727	32,358	28,618	27,345	37,546	41,585	19,807	22,607	16,169	17,969	11.1
568	690	701	698	928	1,207	1,335	1,026	775	827	812	−1.8
1,160	1,538	1,987	2,020	1,745	1,292	1,084	1,062	1,703	1,750	1,742	−0.5
970	1,180	1,345	1,552	1,630	1,800	2,020	2,009	2,155	2,325	2,406	3.5
17,625	25,355	28,407	29,603	29,523	28,267	24,598	23,855	30,773	30,884	33,043	7.0
3,951	5,347	4,877	5,382	5,324	5,717	4,813	4,759	5,572	5,191	5,848	12.7
1,490	1,963	1,993	2,163	2,129	2,152	1,870	1,905	2,158	2,085	2,500	19.9
8,925	7,538	8,424	9,464	10,570	10,824	11,753	10,646	11,696	20,719	23,017	11.1
422	475	510	580	670	770	892	944	904	980	994	1.4
321	421	550	569	896	828	885	913	899	998	1,067	6.9
80	142	168	251	333	184	236	241	210	243	330	35.8

Table 1.3

Capital and Repair Investment

	1984[1]	1985[2]	1986[3]	Change 1984–1985	Change 1985–1986
Capital		($ millions)		(per cent)	
Housing	1,675.3	1,713.8	2,096.0	2.3	22.3
Utilities	1,992.3	1,658.8	1,432.6	−16.7	−13.6
Trade, finance and commercial	1,718.4	2,139.8	1,739.6	24.5	−18.7
Primary industries and construction industry	1,336.0	1,086.8	970.3	−18.7	−10.7
Institutions and government departments	1,350.2	1,534.0	1,700.6	13.6	10.9
Manufacturing	715.0	730.3	1,061.1	2.1	45.3
Total	8,787.2	8,863.5	9,000.2	0.9	1.5
Repair					
Housing	450.1	475.5	503.9	5.6	6.0
Utilities	890.5	909.0	956.9	2.1	5.3
Trade, finance and commercial	233.3	241.4	268.6	3.5	11.3
Primary industries and construction industry	780.8	764.5	788.7	−2.1	3.2
Institutions and government departments	378.9	319.8	315.0	−15.6	−1.5
Manufacturing	667.8	715.4	720.0	7.1	0.6
Total	3,401.4	3,425.6	3,553.1	0.7	3.7
Total, Capital and Repair					
Housing	2,125.4	2,189.3	2,599.9	3.0	18.8
Utilities	2,882.8	2,567.8	2,389.5	−10.9	−6.9
Trade, finance and commercial	1,951.7	2,381.2	2,008.2	22.0	−15.7
Primary industries and construction industry	2,116.8	1,851.3	1,759.0	−12.5	−5.0
Institutions and government departments	1,729.1	1,853.8	2,015.6	7.2	8.7
Manufacturing	1,382.8	1,445.7	1,781.1	4.5	23.2
Total	12,188.6	12,289.1	12,553.3	0.8	2.1

[1] Actual.

[2] Preliminary actual.

[3] Revised intentions.

Source: Statistics Canada Catalogue 61-205, and 61-206.

Table 1.4

Foreign Exports of Selected Major British Columbia Products[1]

	1975	1984	1985	Change 1984–1985
		($ millions)		(per cent)
Lumber	780.6	2,667.9	2,847.9	6.8
Pulp	869.5	1,762.3	1,594.5	−9.5
Coal	334.7	1,537.9	1,617.8	5.2
Newsprint	268.0	641.2	831.7	29.7
Natural gas	222.4	430.3	378.9	−11.9
Aluminum ingots	97.1	395.1	341.3	−13.6
Copper ore and ingots	201.0	381.9	380.7	−0.3
Fish products	123.1	370.6	443.8	19.8
Zinc ore and ingots	95.5	276.8	310.7	12.3
Cedar shingles and shakes	60.3	243.8	236.3	−3.1
Logs, poles and pulpwood	27.5	230.6	170.3	−26.1
Chemicals and related products	60.5	201.1	209.6	4.2
Machinery	98.1	191.0	212.1	11.1
Food, feed and beverages (non-fish)	64.3	190.7	214.8	12.6
Silver, in metal, ores and concentrates	34.7	148.5	114.4	−23.0
Fuel oils	6.6	132.9	170.8	28.5
Trucks	12.6	130.9	161.2	23.2
Paper (except newsprint)	48.1	122.9	174.0	41.6
Plywood (softwood)	42.7	120.6	119.3	−1.1
Electricity	7.8	109.8	258.1	135.1
Gasoline	7.2	98.1	186.2	89.8
Asbestos	28.6	96.1	86.3	−10.2
Molybdenum concentrates	61.0	82.2	44.8	−45.5
Pulpwood chips	10.1	78.6	74.0	−5.8
Paperboard	25.8	69.5	87.1	25.3
Gold, in metals, ores and concentrates	N/A[2]	63.9	80.5	26.0
Lead ores and ingots	33.2	44.2	41.9	−5.2
Shipping containers	1.7	32.9	40.0	21.6
Communications/telecom. equipment	7.0	31.9	28.6	−10.3
Metal bearing ores and concentrates, NES[3]	8.2	30.6	25.8	−15.7
Sulphur	0.5	27.0	40.9	51.5
Personal and household goods	10.1	37.1	33.0	−11.0
Live animals	3.2	23.7	30.3	27.8
Ships, boats, parts and engines	15.7	20.5	28.1	37.1
All other products	204.9	635.9	698.8	9.9
Total	3,872.3	11,659.0	12,314.5	5.6

---

[1] Estimated through all Canadian customs ports.

[2] N/A — not shown separately.

[3] NES — not elsewhere specified.

Table 1.5

Exports of British Columbia Products to the United States, Japan, United Kingdom and Other European Economic Community Countries

	United States				Japan			
	1975	1984	1985	Change 1984–1985	1975	1984	1985	Change 1984–1985
		($ millions)		(per cent)		($ millions)		(per cent)
Lumber	569.5	1,881.2	2,114.9	12.4	88.3	351.0	397.5	13.3
Shakes and shingles	59.3	239.3	233.2	-2.5	—	0.1	0.1	—
Wood pulp	275.6	468.0	458.2	-2.1	126.1	328.4	316.7	-3.6
Newsprint	193.7	520.1	670.2	28.9	0.2	4.5	4.0	-11.1
Other paper and paperboard	2.4	61.6	102.8	66.9	7.9	32.0	40.2	25.6
Aluminum ingots	46.0	92.2	65.7	-28.7	26.0	172.6	97.0	-43.8
Zinc ingots	56.2	136.7	143.5	5.0	—	3.4	4.3	26.5
Lead ingots	8.6	27.9	22.1	-20.8	—	—	—	—
Copper concentrates	22.1	18.8	—	-100.0	173.4	272.6	303.1	11.2
Molybdenum concentrates	7.2	3.3	3.8	15.2	14.7	25.6	11.0	-57.0
Natural gas	222.4	430.3	378.9	-11.9	—	—	—	—
Coal	0.1	7.8	12.2	56.4	325.8	1,097.5	1,134.9	3.4
Fish products	26.6	66.1	78.3	18.5	36.9	144.6	210.0	45.2
Gasoline, fuel oils	10.7	168.3	317.1	88.4	—	16.6	7.4	-55.4
Machinery	64.1	145.0	141.2	-2.6	0.7	4.3	2.5	-41.9
Trucks	9.8	128.7	156.1	21.3	—	—	—	—
Electricity	7.8	109.8	258.1	135.1	—	—	—	—
Food, feed and beverages (non-fish)	35.6	99.2	110.7	11.6	19.3	38.4	45.7	19.0
Silver, in metals, ores and conc.	27.0	84.2	64.2	-23.7	7.6	48.1	47.2	-1.9
Chemicals and related products	55.8	69.8	83.7	19.9	0.3	81.0	76.9	-5.1
Pulpwood chips	10.1	31.1	29.2	-6.1	—	46.6	42.8	-8.1
Other	175.7	694.2	804.4	15.9	35.8	247.5	221.1	-10.7
Total	1,886.3	5,483.6	6,248.5	13.9	863.0	2,914.8	2,962.4	1.6

	United Kingdom				Other European Economic Community Countries[2]			
	1975	1984	1985	Change 1984–1985	1975	1984	1985	Change 1984–1985
		($ millions)		(per cent)		($ millions)		(per cent)
Lumber	46.2	133.2	93.6	-29.7	29.3	86.4	75.9	-12.1
Plywood	32.8	55.5	57.5	3.6	6.5	53.3	46.3	-13.1
Wood pulp	79.3	79.4	64.4	-18.9	295.9	533.0	421.6	-20.9
Paper and paperboard[1]	27.1	35.6	36.2	1.7	18.9	22.4	30.2	34.8
Copper concentrates and ingots	—	—	—	—	5.5	0.3	0.6	100.0
Aluminum ingots	—	—	—	—	2.9	—	—	—
Zinc ingots	24.2	45.6	42.0	-7.9	1.9	10.7	5.3	-50.5
Lead ingots	13.9	13.5	12.7	-5.9	3.4	1.0	0.5	-50.0
Molybdenum concentrates	8.8	8.8	4.8	-45.4	28.4	36.8	18.9	-48.6
Asbestos fibres	4.7	9.6	6.1	-36.5	4.7	24.4	21.0	-13.9
Canned salmon	15.2	39.2	41.5	5.9	7.1	10.4	6.5	-37.5
Food, feed and beverages (non-fish)	1.4	10.0	7.0	-30.0	1.0	8.9	4.1	-53.9
Other	10.7	32.4	39.9	23.2	51.7	189.6	236.0	24.5
Total	264.3	462.8	405.7	-12.3	457.2	977.2	866.9	-11.3

---

[1] Includes newsprint.

[2] Ireland, Denmark, Belgium, Luxembourg, France, West Germany, Italy, Netherlands, Greece.

Table 1.6

Exports of Forest and Mineral Products to Major Countries

	Forest Products				Minerals[1]			
	1975	1984	1985	Change 1984–1985	1975	1984	1985	Change 1984–1985
		($ millions)		(per cent)		($ millions)		(per cent)
United States	1,131.3	3,395.4	3,838.6	13.1	442.7	1,063.4	1,098.8	3.3
Japan	239.8	908.2	913.0	0.5	562.0	1,700.2	1,665.6	−2.0
United Kingdom	185.7	306.8	253.6	−17.3	55.3	91.6	88.9	−2.9
Other European Economic Community countries[2]	354.7	698.9	576.5	−17.5	58.6	152.2	175.4	15.2
Australia	46.5	153.1	147.6	−3.6	5.6	15.8	12.2	−22.8
People's Republic of China	18.3	162.4	148.3	−8.7	4.1	136.6	111.3	−18.5
South Korea	9.2	54.9	57.8	5.3	2.1	249.4	277.0	11.1
Other countries	160.9	430.7	398.2	−7.5	49.9	419.1	462.8	10.4
Total	2,146.4	6,110.4	6,333.6	3.7	1,180.3	3,828.3	3,892.0	1.7

---

[1] Includes metals in ores and concentrates (iron, lead, zinc, copper, molybdenum, etc.); coal, crude petroleum and natural gas; crude non-metallic minerals (asbestos, clays, sand and gravel, sulphur, limestone, etc.); refined non-ferrous metals (lead, zinc, silver, aluminum, etc.) and petroleum and coal products (butane, propane, fuel oil, gasoline, etc.).

[2] Ireland, Denmark, Belgium, Luxembourg, France, Federal Republic of Germany, Netherlands, Italy, Greece.

Table 1.7

Canadian Imports by Commodity Group Through British Columbia Customs Ports

	1975	1984	1985	Change 1984–1985
		($ millions)		(per cent)
Food, feed, beverages and tobacco	392.6	997.8	997.5	—
Metal in ores, concentrates and scrap	104.1	230.4	174.5	−24.3
Other crude materials[1]	97.2	221.5	207.1	−6.5
Fabricated materials				
iron, steel and alloys	148.3	309.2	431.1	39.4
chemicals, petroleum and coal products	93.4	270.1	276.8	2.5
wood products, pulp, paper and paperboard	131.6	215.8	229.4	6.3
textile fabricated materials	38.7	60.1	72.4	20.5
other fabricated materials[2]	138.5	313.4	317.1	1.2
Machinery, transportation and other equipment and tools	1,149.0	4,220.9	5,547.2	31.4
Personal and household goods[3]	132.2	393.6	414.3	5.3
All other products[4]	162.9	594.3	624.2	5.0
Total	2,588.5	7,827.1	9,291.6	18.7

---

[1] Includes inedible animal and vegetable products; non-fabricated wood and coal and petroleum products.

[2] Includes leather and rubber fabricated materials; oils, fats, waxes and derivatives; metal fabricated materials (excluding machinery and tools) and structural materials.

[3] Includes wearing apparel and accessories; house furnishings and utensils; toys, games and sporting goods; toiletries; jewellery and silverware.

[4] Includes magazines and newspapers; office supplies; photographic goods; firearms and medicinal and pharmaceutical products.

Table 1.8

Total Canadian Imports Through British Columbia Customs Ports by Major Countries

	1975		1984		1985		Change in Value 1984–1985
	($ millions)	Per cent of total	($ millions)	Per cent of total	($ millions)	Per cent of total	(per cent)
United States	1,473.2	56.9	3,232.4	41.3	3,619.7	39.0	12.0
Japan	488.0	18.9	2,670.7	34.1	3,158.2	34.0	18.3
Australia	129.7	5.0	155.3	2.0	171.0	1.8	10.1
United Kingdom	74.1	2.9	94.8	1.2	127.9	1.4	34.9
Other European Economic Community countries[1]	122.2	4.7	327.6	4.2	402.6	4.3	22.9
Other countries	301.3	11.6	1,346.3	17.2	1,812.2	19.5	34.6
Total	2,588.5	100.0	7,827.1	100.0	9,291.6	100.0	18.7

---

[1] Ireland, Denmark, Belgium, Luxembourg, France, Federal Republic of Germany, Netherlands, Italy, Greece.

Table 2.1

Summary of Major Tax Changes, 1985 and 1986 (to June 1, 1986)

(1) The *Home Owner Grant Act* was amended to increase the minimum amount of property tax payable, after deduction of the homeowner grant, to $175 from $150, effective January 1, 1985, and to $200, effective January 1, 1986. The minimum for senior citizens and others eligible for the supplementary grant will remain at $1.

(2) The *Corporation Capital Tax Act* was amended to replace the $1 million exemption with a $5 million deduction from paid up capital for fiscal years ending after April 1, 1985 and to include all bankers acceptances in the tax base. For fiscal years ending after April 1, 1986 the deduction will be increased to $10 million. For subsequent fiscal years, the tax will be eliminated except for major banks with head offices outside British Columbia.

(3) The *Income Tax Act* (British Columbia) was amended to institute a two-year small business employment tax credit equivalent to approximately $300 per employee for fiscal years commencing after March 31, 1985.

(4) The *Income Tax Act* (British Columbia) was amended effective for the 1985 taxation year to establish a venture capital tax credit for purchasers of shares in small business venture capital corporations.

(5) The *Income Tax Act* (British Columbia) was amended effective January 1, 1985 to extend the low income notch provisions to the health care maintenance surtax and to take account of changes to the federal tax reduction.

(6) The *Insurance Premium Tax Act* was amended effective January 1, 1986 to increase the general insurance tax rate to 3 per cent from 2 per cent and to include marine insurance for pleasure craft in the tax base at a tax rate of 1 per cent, increasing to 3 per cent by January 1, 1988.

(7) The *Social Service Tax Act* was amended effective March 15, 1985 to exempt specified items purchased for use in the aquaculture industry, specified items consumed or used by firms in the manufacture or servicing of goods, returnable milk bottles, and propane and natural gas used by farmers for grain drying.

(8) The *Social Service Tax Act* was amended effective March 15, 1985 to establish a temporary use provision for specified equipment used for seismic studies or petroleum and natural gas exploration and development.

(9) The *Social Service Tax Act* was amended effective March 15, 1985 to make the cost of component materials the basis for social service tax on portable buildings.

(10) The *Social Service Tax Act* was amended effective the first billing on or after April 1, 1985 to make charges for pay television (but not basic cablevision) taxable.

(11) The *Gasoline Tax Act* and the *Gasoline (Coloured) Tax Act* were amended effective March 15, 1985 to reduce the tax rates for coloured motor fuels and aviation fuel to 7 per cent of the pre-tax selling price of gasoline. The tax rate on marine bunker fuel was reduced to 7 per cent of the pre-tax price of marine bunker fuel.

(12) The *Assessment Act* was amended to freeze the assessed value of existing machinery and equipment at September 30, 1984 levels for the 1986 taxation year, to eliminate the assessment of new machinery and equipment installed after September 30, 1984, and to eliminate the assessment of existing machinery and equipment effective for the 1987 tax year. In conjunction with this change, property tax rates on machinery and equipment are being reduced to zero over three years, commencing with the 1985 taxation year. Also commencing in the 1985 taxation year the school tax rates on industrial and commercial property are being reduced over three years from 3.4 and 2.45 times, respectively, to 2.0 times the typical residential rate.

(13) The *Assessment Act* was amended effective July 1, 1985 to provide for special assessment provisions for long time owners of non-conforming residential property.

(14) The *Assessment Act* was amended effective for the 1986 tax year to provide for the exemption of grazing licences and other short-term Crown tenures from property tax.

(15) The *Municipal Act* was amended effective January 1, 1985 to permit municipalities to exempt non-profit occupiers of school buildings from property tax.

(16) The *Municipal Act*, the *Taxation (Rural Area) Act* and the *Vancouver Charter* were amended effective for the 1986 tax year to exempt manure storage facilities from property tax.

(17) Effective January 1, 1986 the provincial rural area tax rate for residential and recreational property/non-profit organization classes will be changed from $1.30 to $1.40 per $1,000 of actual value.

(18) The *Provincial-Municipal Partnership Act* and the *Provincial-Municipal Partnership (Taxation Measures) Act* were enacted to permit provincial-municipal partnership agreements, under which participating municipalities will reduce property taxes on new industrial improvements by 50 per cent or more through to the end of 1990. The provincial government will make a reduction of 50 per cent in non-residential school tax rates on these improvements and on new industrial improvements in non-municipal areas.

Table 2.1

Summary of Major Tax Changes, 1985 and 1986 (to June 1, 1986)—*Continued*

(19) The *Business Licence Act* was amended to eliminate business licence fees in non-municipal areas, effective January 1, 1985.

(20) The *Tobacco Tax Act* was amended, effective April 1, 1985 to increase the tax rate by 10 per cent. The formula which provides for *ad valorem* tax adjustments for cigarettes and loose tobacco on March 1 and September 1 of each year will remain in effect.

(21) The annual indexation for 1985 of water rental fees under the *Water Act* was deferred in December 1984. There will be no further indexation until 1990.

(22) The *British Columbia Railway Act* was amended effective April 1, 1985 to eliminate the exemptions from social service, fuel and hotel room taxes for the British Columbia Railway Company and its subsidiaries.

(23) The *British Columbia Transit Act* was amended effective January 1, 1985 to provide for the exemption of SkyTrain from property taxes.

(24) The *Expo 86 Corporation Act* was amended effective January 1, 1985 to provide for the exemption of the Expo 86 site from property tax.

(25) The *Gasoline Tax Act, Gasoline (Coloured) Tax Act,* and *Motive Fuel Use Tax Act* were consolidated into the *Motor Fuel Tax Act* effective December 31, 1985.

(26) The *Assessment Act* was amended effective September 30, 1987 to revise the property tax assessment of private forest land.

(27) The *Homeowner Grant Act* was amended effective January 1, 1986 to extend the supplementary $630 Homeowner Grant to homeowners housing handicapped relatives.

(28) The *Income Tax Act* (British Columbia) was amended to reduce the general corporation income tax rate to 15 per cent effective January 1, 1987 and 14 per cent effective January 1, 1988.

(29) The *Insurance Premium Tax Act* was amended effective January 1, 1987 to eliminate tax on insurance sold by companies with British Columbia head offices.

(30) The *Land Tax Deferment Act* was amended effective April 1, 1986 to change the interest calculation on deferred taxes to simple interest.

(31) The *Motor Fuel Tax Act* was amended effective April 1, 1986 to cap tax rates at March 31, 1986 levels for 1986/87.

(32) The *Motor Fuel Tax Act* was amended effective March 21, 1986 to extend fuel tax rebates to a broader group of eligible handicapped drivers and to apply the marine bunker tax rate to all marine bunker fuels.

(33) The *Social Service Tax Act* was amended effective March 21, 1986 to introduce special compliance rules for Expo 86 vendors.

(34) The *Social Service Tax Act, Motor Fuel Tax Act* and *Hotel Room Tax Act* were amended to extend refund periods from three years to four years, effective April 1, 1987, five years, effective April 1, 1988 and six years, effective April 1, 1989.

Table 2.2

Comparative Provincial Tax Rates, July 1, 1986

	British Columbia	Alberta	Saskat-chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Personal income (per cent of basic federal tax)[1]	44	43.5	50	54	50	(3)	58	56.5	52.5	60
Corporation income (per cent of taxable income)										
General rate/M&P*	16[2]	11/5	17	17	15.5/14.5[4]	5.9	15	15	10	16
Small business rate/M&P*	8[4]	5/0	10/0	10	10[4]	3.22	5	10	10	10
Corporation capital (per cent of taxable paid-up capital)										
Non-financial corporations	0.2[5]	*Nil*	0.5	0.3	0.3	0.48	*Nil*	*Nil*	*Nil*	*Nil*
Trust companies	0.6[5]	*Nil*	1.2	0.9	0.6	0.9	*Nil*	1.5	*Nil*	1.5
Banks	0.8/2.0[5]	*Nil*	3.0	3.0	0.8	0.9	*Nil*	1.5	*Nil*	1.5
Insurance premiums (per cent)[6]	3	2	3	3	3	3	3	3	2	3
Gasoline[7]										
Per cent of retail price	20	*Nil*	*Nil*	N/A	N/A	N/A	20	20	20	22
Cents per litre	6.47	*Nil*	*Nil*	8.9	8.3	13.65	8.0	8.3	8.3	9.5
Diesel fuel[7]										
Per cent of retail price	N/A	*Nil*	*Nil*	N/A	N/A	N/A	23	21	23	26
Cents per litre	6.91	*Nil*	*Nil*	9.2	9.9	12.45	9.0	8.7	10.1	12.9
Retail sales										
General rate (per cent)	7	*Nil*	5	6	7	9	11	10	10	12
Liquor (per cent)[8]	7	*Nil*	10	12	12	9	11	10	37.5	12
Meals (per cent)[9]	7	*Nil*	*Nil*	6	7	10	11	10	10	12
Accommodation (per cent)	7	*Nil*	5	6	5	*Nil*	11	10	10	12
Tobacco (cents per package of 25 cigarettes)[10]	86	37	102	102.5	67.5	113	100	87.5	87.5	119.5

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* Manufacturing and processing rate.

[1] British Columbia has a 10 per cent surtax on provincial tax in excess of $3,500, plus an additional 8 per cent health care maintenance surtax applied to the sum of provincial tax and the 10 per cent surtax (if applicable). Saskatchewan has a 12 per cent surtax on provincial tax in excess of $4,000 plus a 1 per cent flat rate surtax on net income. Manitoba has a 20 per cent surtax on provincial tax in excess of $2,600. Ontario has a 3 per cent surtax of basic Ontario income tax exceeding $5,000. Alberta, Saskatchewan, Manitoba and Ontario also reduce provincial tax payable at low income levels through application of tax reduction or tax credit measures.

[2] In British Columbia, the general corporation income tax rate will be reduced to 15 per cent, effective January 1, 1987, and to 14 per cent, effective January 1, 1988.

[3] Quebec levies its own personal income tax (maximum 28 per cent of taxable income) and, therefore, the tax is not presented as a percentage of federal tax.

[4] In British Columbia, a refundable small business employment tax credit equivalent to approximately $300 per employee is payable to corporations for their first two taxation years commencing after March 31, 1985. The Ontario manufacturing and processing rate also applies to taxable income from mining, logging, farming and fishing operations. Most provinces have special provisions for newly incorporated small businesses.

[5] British Columbia corporation capital tax is being phased out over three years (by April 1, 1987) for all corporations except large banks with headquarters located outside of British Columbia.

[6] Tax is payable by insurer. In British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia, life, sickness and accident insurance premiums are taxed at 2 per cent and all other premiums are taxed at 3 per cent. In Newfoundland (excluding marine, life, accident, sickness, surety and fidelity bonds) and Quebec (excluding individual life, sickness and personal injury), insurance premiums are also subject to sales tax. Most provinces levy an additional tax of 1 per cent or less on fire insurance premiums to fund the office of the provincial fire commissioner.

[7] Tax rates are for regular leaded gasoline and for diesel fuel used on highways. In British Columbia, the tax rate on diesel fuel is equal to the tax rate on gasoline plus 0.44 cents per litre. Five provinces (British Columbia, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland) adjust tax rates periodically, depending on fuel price fluctuations. Manitoba and Ontario set tax rates annually in their budgets.

[8] Liquor served in commercial establishments is taxed at 13.4 per cent in Quebec, and 10 per cent in Ontario. In Prince Edward Island, liquor is taxed under the *Health Tax Act* at 25 per cent and under the *Revenue Tax Act* at 10 per cent, resulting in a compound tax rate of 37.5 per cent.

[9] A basic exemption for low priced meals exists in most provinces. In British Columbia, meals less than $7.00 are exempt from tax.

[10] In British Columbia, the tax on cigarettes is indexed to reflect changes in the retail price. In Quebec and New Brunswick, set rates are applied to a determined retail price. Other provinces tax cigarettes by an amount which cannot be adjusted without legislative amendment. Tobacco products are also subject to retail sales tax in Newfoundland (about 37¢/pack) and Ontario (about 18.5¢/pack).

Table 2.3

Provincial Taxes

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Income	*Income Tax Act* (R.S.B.C. 1979, c. 190; 1980, c. 12, s. 7; 1980, c. 50, s. 46; 1981, c. 6; 1982, c. 18; c. 58; 1983, c. 18; 1984, c. 6; c. 13; 1985, c. 31, c. 37; 1986, c. 10, c. 11)	Net income: (1) Corporation	16% of taxable income reduced to 15% January 1, 1987 and to 14% January 1, 1988 (8% for small businesses)	Collected under agreement by the Department of National Revenue. Refundable tax credit for small business equivalent to approximately $300 per employee for each of the two tax years beginning in 1985. Refundable tax credit for investors in British Columbia Housing and Development Bonds of 13.5% to individuals; 8% to corporations eligible for the small business tax rate and 16% to other corporations; venture capital tax credit; other non-refundable tax credits for claim against personal and corporate income tax include: Logging Tax Credit, Provincial Political Contributions Tax Credit and Provincial Royalty Tax Rebate.
		(2) Personal	44% of basic federal tax payable; 10% surtax on British Columbia tax in excess of $3,500; health care maintenance surtax of 8%.	
Capital	*Corporation Capital Tax Act* (R.S.B.C. 1979, c. 69; 1980, c. 4; c. 36, s. 16; 1982, c. 6; c. 43, s. 8; 1983, c. 6, s. 1-2; 1985, c. 24)	Taxable paid-up capital of $10,000,000 or more for taxation years ending after April 1, 1986	General: ⅕ of 1% Banks: 2 per cent if taxable capital exceeds $500 million; ⅘ of 1 per cent if taxable capital is less than $500 million Trust Companies and Loan Companies: ⅗ of 1%	Exemptions—Corporations with paid-up capital under $10,000,000, credit unions, co-operatives, self-owned apartment corporations, corporations exempt under section 149 (1) of *Income Tax Act* (Canada), family farms. Tax is being phased out over 3 years, commencing April 1, 1985, except for large banks with headquarters outside British Columbia.
Retail sales	*Social Service Tax Act* (R.S.B.C. 1979, c. 388; 1980, c. 52; c. 10, s. 119; c. 49, s. 12; 1981, c. 8; c. 29; c. 15, s. 159–160; 1982, c. 39; 1983, c. 27; c. 6, s. 30–34; c. 20, s. 49–51; 1985, c. 32; 1986, c. 23, s. 16–22)	Purchase and lease price of tangible personal property	General rate 7% Liquor 7%	Collected through vendors and lessors registered under the act, and paid by purchaser and lessees; provides for exemptions on restaurant meals priced at less than $7.00 and food for human consumption, draft beer, coal and coke, fuels taxed under other acts, specified farm implements and machinery when purchased by a *bona fide* farmer, fishing boats and equipment when purchased by a *bona fide* commercial fisherman, water, prescribed medicaments, vitamins and dietary supplements, diabetic and ostomy supplies, hearing-aids, dentures, specified equipment for the handicapped, prescribed dental and optical appliances, specified catalysts and direct agents, agricultural feeds, seeds, fertilizers, insecticides, etc., sales at less than 15¢, ships of more than 500 tons, children's clothing and footwear, books, periodicals and magazines, specified school supplies, candies and soft drinks, tobacco products taxable under the *Tobacco Tax Act*, certain energy conservation equipment and material, patent medicines, local residential telephone services, telecommunication services, electricity, natural gas and fuel oil purchased for residential use, used mobile homes, yard goods and patterns, work-related safety equipment designed to be worn, bicycles, transporting devices for the handicapped, smoke alarms, oxygen and related dispensing equipment used for medical purposes, children's safety car seats, specified marine and highway safety-related equipment, specified goods used in aquaculture industry, specified items consumed or used in manufacturing and servicing of goods, natural gas used by farmers to dry grain, returnable milk bottles. The taxation of certain equipment used for seismic studies or oil and gas exploration is subject to a special use provision.

Table 2.3

Provincial Taxes—*Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Accommodation	*Hotel Room Tax Act* (R.S.B.C. 1979, c. 183; 1981, c. 5, s. 31–32; c. 15, s. 103; 1982, c. 10, s. 12–22; 1983, c. 6, s. 13–16; 1984, c. 4; c. 26, s. 73; 1985, c. 27; 1986, c. 23, s. 6–8)	Purchase price of accommodation	7%	Exemptions include temporary accommodations over a two-month period; lodging provided in hospitals and nursing homes; lodging supplied to employees by employers, lodging on ships or trains, hotel rooms not used for accommodation, charges of $10 or less per day; charitable institutions, and trailer parks and campsites.
Tobacco	*Tobacco Tax Act* (R.S.B.C. 1979, c. 404; 1981, c. 5, s. 55–57; c. 15, s. 164; 1982, c. 29; 1983, c. 11; c. 6, s. 38–40; 1985, c. 33)	By cigarette, cigar retail price, and weight on other tobacco products	3.44¢ per cigarette; 4¢ to 33¢ per cigar, 77% of retail price on cigars of more than 49¢; 20¢ per ½ oz. of tobacco (or 36¢ for 25 grams)	Tax rates on cigarettes and tobacco adjusted semi-annually, based on Vancouver consumer price index subcomponent for tobacco products. Rates quoted effective March 1, 1986 to August 31, 1986.
Motor fuel	*Motor Fuel Tax Act* (S.B.C. 1985, c. 76; 1986, c. 18)			Tax rates are adjusted quarterly. All quoted rates effective July 1, 1986 to September 30, 1986. The tax generally applies to all fuels used in internal combustion engines. Different tax rates apply to fuels used for different purposes. Compressed natural gas and propane used to propel motor vehicles is exempt. Handicapped persons who drive their own vehicles are entitled to refunds of tax paid under the Act.
		Clear gasoline	6.47¢ per litre	Tax rate is 20% of pretax Vancouver retail price for gasoline.
		Coloured fuel, marine diesel fuel	2.26¢ per litre	Tax rate is 7% of pretax Vancouver retail price for gasoline. Coloured fuel may be used for specified primary production and industrial uses only.
		Aviation and locomotive fuel	2.26¢ per litre	Tax rate is 7% of pretax Vancouver retail price for gasoline. Tax applies to fuels purchased for use in aircraft or rolling stock.
		Motive fuel	6.91¢ per litre	Tax applies to any fuel except gasoline, natural gas, propane and butane used in a motor vehicle on a highway. Refunds are available for motive fuel used in private passenger vehicles and in other specified circumstances.
		Natural gas	1.1¢ per 810.32 litres	Tax applies to natural gas used in a stationary engine at a natural gas or oil pipeline compressor station.
		Marine bunker	0.73¢ per litre	Tax applies to bunker fuel, or a combination of bunker and other fuels used as fuel in a ship. Tax rate is 7% of the pretax Vancouver retail price of bunker fuel.
Race-meetings	*Horse Racing Tax Act* (R.S.B.C. 1979, c. 175; 1980, c. 19; 1982, c. 10, s. 9-10; 1986, c. 23, s. 4–5)	Parimutuel betting pool	7%	3.5% of tax paid to increase purses, maintain a breeders incentive fund, make grants for breeders societies, operate race courses and horse racing meets, and for equine health research. Net rate to province is 3.5%.
Natural resources	*Logging Tax Act* (R.S.B.C. 1979, c. 248; 1981, c. 5, s. 36–38; 1982, c. 10, s. 26-27; 1983, c. 6, s. 19-20; 1984, c. 7, s. 15; 1986, c. 23, s. 11–13)	Net income from logging where in excess of $25,000	10% (Fully recoverable against federal and provincial corporation income tax)	Net income from logging after deducting investment and non-forestry income and a processing allowance.
	Mining Tax Act (R.S.B.C. 1979, c. 267; 1980, c. 12, s. 10-11; 1981, c. 5, s. 39–41; 1982, c. 10, s. 28-29; 1983, c. 6, s. 21-22; 1986, c. 23, s. 14–15)	All income from mining operations if mining income exceeds $50,000	15%	Net income from mining after deducting investment and non-mining income and a processing allowance. Tax not applicable to petroleum, natural gas, or minerals taxed under the *Mineral Resource Tax Act*.
	Mineral Resource Tax Act (R.S.B.C. 1979, c. 263; 1980, c. 27; 1982, c. 43, s. 18–22)	Net income from individual mining operations (metallic minerals) other than coal, sand, gravel and certain other industrial minerals. No tax on first $50,000 for unincorporated mines or partnerships	17.5%	Net income after deductions including: accelerated capital cost allowances, exploration and development expenses, depletion and processing allowances.

Table 2.3

Provincial Taxes—*Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
	Mineral Land Tax Act (R.S.B.C. 1979, c. 260; 1980, c. 35; 1981, c. 19; c. 20)	Assessed value of freehold mineral land and production tracts	Basic undesignated mineral land; 62¢–$2.47 per hectare	Rates of tax set on sliding scale, dependent on amount and designation of land.
Insurance	*Insurance Premium Tax Act* (R.S.B.C. 1979, c. 205; 1980, c. 12, 5, 8, 9; 1981, c. 5, s. 34; 1982, c. 10, s. 24; 1983, c. 6, s. 17-18; c. 20, s. 27; 1985, c. 28; 1986, c. 13)	Direct premiums written	3% for general insurance; 2% for life, sickness, personal accident and loss of salary and wages insurance. Marine pleasure craft premiums taxed at 1% effective January 1, 1986, increasing to 3% by 1988.	Exemptions—Insurance companies with head offices in British Columbia; benefit societies; mutual corporations with 50% of income from farm or entirely from religious, educational, or charitable institutions; marine, except pleasure craft; approved medical or hospitalization plans; Insurance Corporation of British Columbia (basic auto insurance only).
	Fire Services Act (R.S.B.C. 1979, c. 133; 1980, c. 13; 1981, c. 15, s. 95; 1982, c. 49)	Direct premiums written for fire hazard.	1%	Exemptions—Insurance Corporation of British Columbia (basic automobile insurance only).
Real property	*Taxation (Rural Area) Act* (R.S.B.C. 1979, c. 400; 1980, c. 12, s. 17-18; c. 18, s. 21-22; c. 49, s. 14; 1981, c. 5, s. 52-54; 1982, c. 27-28; 1983, c. 24, s. 37; c. 6, s. 36-37; c. 20, s. 52; 1984, c. 25, s. 65; 1985, c. 20, s. 37, 38)	Assessed value of land and improvements in rural areas (outside municipalities). Assessment determined under *Assessment Act*		Property is assessed at actual value. Different tax rates apply to different classes of property.
			Residential (0.14%)	Residential property and vacant land having no present use which is not specifically held for business, commercial, forestry or industrial purposes.
			Utilities (0.46%)	Property used or held for transportation by railway, transportation by pipeline, communication by telephone or telegraph, transmission of electricity or transmission of closed circuit television.
			Forestry (0.40%)	Land used for forestry purposes.
			Industrial (0.44%)	Property used or held for the purpose of extracting, processing, manufacturing, transporting or storing of any product.
			Tree Farm (0.80%)	Privately owned land managed as a tree farm. To encourage sustained yield forestry practices on privately owned forest land, assessed value is capitalized net return.
			Recreational Property/Non Profit Organization (0.14%)	Property used on a seasonal basis to provide overnight sleeping accommodation, land used for specified outdoor recreational activites and property used by non-profit organizations under specified conditions.
			Farm (0.05%)	Land used for farming. Improvements on farmland exempt, fruit trees exempt. Assessed at value as a farm.
			Business/Other (0.32%)	All property not contained in any other class.
Non-residential school tax	*Education (Interim) Finance Act* (S.B.C. 1982, c. 2; 1982, c. 76, s. 12; 1983, c 10, s. 21; c. 14, s. 1–2; c. 20, s. 12–14; c. 23, s. 17, c. 24, s. 14–16; 1984, c. 18, s. 1–10; 1985, c. 20, s. 19, 20; 1986, c. 7)	Assessed value of non-residential land and improvements. Assessment determined under *Assessment Act*	Tax rates vary by class of property and school district. (*See* Appendix 2 Table 2.1 for changes to *Assessment Act* for 1985 and subsequent years).	Tax revenue is used to finance public schools education.

Table 3.1

Major Provincial Programs for Local Government

Type	Statutory Reference	Basis	Rate	Remarks
PROVINCIAL GOVERNMENT PROPERTY				
Provincial government property grant	*Municipal Aid Act*	Assessed value of improved properties	The individual tax rates of the municipality and regional district containing the property	
REVENUE SHARING				
Unconditional municipal grant	*Revenue Sharing Act*	Municipal population, expenditure and assessment	80 per cent of available funds distributed in proportion to population; 20 per cent in proportion to expenditure and assessment	Largest single source of municipal grants
Basic municipal grant	*Revenue Sharing Act*	Municipal status	$30,000 minimum per municipality; $60,000 maximum	
Water facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Sewerage facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Water facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Sewerage facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Major municipal highway grants	*Revenue Sharing Act*	Approved construction or acquisition costs	50 per cent of shareable costs	Designed to promote transportation networks and associated land use
Municipal planning grants	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $1 million
Regional district basic grant	*Revenue Sharing Act*	Regional district status	$30,000 per regional district	
Regional district administration grant	*Revenue Sharing Act*	Regional district status	$10,000 per regional district	Unconditional
Regional district planning grant	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $1 million

Table 4.1

Major British Columbia Crown Corporations and Enterprises

Corporate Entity	Statutory Authority	Minister Responsible[1]	Functions
British Columbia Assessment Authority	*Assessment Authority Act*	Minister of Finance	Assessment of all real property within the province for taxation purposes.
British Columbia Hydro and Power Authority	*Hydro and Power Authority Act*	Minister of Energy, Mines and Petroleum Resources	Generation, transmission and distribution of electricity; distribution of gas; rail freight transportation.
British Columbia Railway Company	*British Columbia Railway Act*	Minister of Forests and Lands	Operation of railway.
Insurance Corporation of British Columbia	*Insurance Corporation Act*	Minister of Agriculture and Fisheries	Provision of automobile insurance plan.
British Columbia Ferry Corporation	*Ferry Corporation Act*	Minister of Energy, Mines and Petroleum Resources	Operation of coastal ferry service.
British Columbia Petroleum Corporation	*Petroleum Corporation Act*	Minister of Energy, Mines and Petroleum Resources	Purchase and resale of natural gas and natural gas by-products.
British Columbia Development Corporation	*Development Corporation Act*	Minister of Economic Development	Provision of assistance to industry and development of industrial land to promote economic development.
British Columbia Steamship Company (1975) Limited	*Ministry of Transportation and Highways Act; Canada Corporations Act*	Attorney General	Operation of daily summer ferry service between Victoria and Seattle, Washington.
Provincial Rental Housing Corporation	*Ministry of Lands, Parks and Housing Act; Company Act*	Minister of Social Services and Housing	Holding provincial ownership in public housing units.
British Columbia Housing Management Commission	*Ministry of Lands, Parks and Housing Act*	Minister of Social Services and Housing	Management of provincial and federal-provincial public housing units and administration of rent supplement programs.
British Columbia Buildings Corporation	*British Columbia Buildings Corporation Act*	Provincial Secretary and Minister of Government Services	Provision of accommodation for government ministries and certain government entities.
British Columbia Systems Corporation	*System Act*	Provincial Secretary and Minister of Government Services	Provision of data processing services for government ministries and certain government entities.
British Columbia School Districts Capital Financing Authority	*School District Capital Finance Act*	Minister of Finance	Provision of capital funds required by school districts.
British Columbia Regional Hospital Districts Financing Authority	*Hospital District Finance Act*	Minister of Finance	Provision of capital funds required by regional hospital districts.
British Columbia Educational Institutions Capital Financing Authority	*Educational Institution Capital Finance Act*	Minister of Finance	Provision of capital funds required by universities, colleges and institutes.
British Columbia Transit	*British Columbia Transit Act*	Minister of Municipal Affairs and Transit	Provision and maintenance of public transportation systems.
Liquor Distribution Branch	*Liquor Distribution Act*	Minister of Consumer and Corporate Affairs	Purchase, distribute and sell alcoholic beverages.
Provincial Capital Commission	*Capital Commission Act*	Provincial Secretary and Minister of Government Services	Protection and enhancement of the Capital Improvement District and management of properties in Commission control.
British Columbia Place Ltd.	*British Columbia Place Act; Company Act*	Minister of Post-Secondary Education	Establishment, planning and development of the British Columbia Place site in Vancouver and operation of a 60,000-seat multi-purpose covered stadium.
Expo 86 Corporation	*Expo 86 Corporation Act*	Minister of Social Services and Housing	Planning, developing and hosting the 1986 world exposition in British Columbia.
British Columbia Lottery Corporation	*Lottery Corporation Act*	Provincial Secretary and Minister of Government Services	Develop, conduct and manage lottery operations on behalf of the provincial government, and in conjunction with the governments of other provinces.

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[1] Following the government reorganization of August 14, 1986.

Appendix 5: Provincial Programs for People

Table 5.1

Major Provincial Programs for People

Type	Statutory Reference	Basis	Rate	Remarks
EDUCATION PROGRAMS				
Public schools	*School Act, Education (Interim) Finance Act*	Approved operating and capital costs of each school district	(a) Under the *Education (Interim) Finance Act*, introduced in 1982 83, the province pays a base grant to each school district consisting of a percentage of the district's shareable operating expenses. School districts are eligible for an additional grant determined on the basis of wealth as measured by the residential assessed values per pupil. The shareable operating expenses, and the percentages applicable to the calculations of the base grant and additional grant are determined annually based on enrolments, approved levels of service and other budgetary requirements (b) A capital contribution of 50 per cent of those debt services costs up to the equivalent of a tax rate of .6 ($6 per $1,000 of assessed value) plus 75 per cent of costs between a tax rate equivalent of .6 and 1.2, plus 90 per cent of any additional costs. Under this formula a district's share of debt service costs will not exceed an amount equivalent to a tax rate of .45, plus 10 per cent of any costs over the equivalent of a tax rate of 1.2	Statutory levy on non-residential property is determined annually
Independent schools	*School Support (Independent) Act*	Operating support contributions (number of students and type of program)	Based on 9 per cent (Group 1) and 30 per cent (Group 2) of the public school per pupil operating cost.	
Universities	*University Act*	Operating contributions	(a) Contributions for operating expenses approved on recommendation of Universities Council	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment items	
Colleges and Provincial Institutes	*College and Institute Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Post-Secondary Education	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
British Columbia Institute of Technology	*Institute of Technology Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Post-Secondary Education	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
Student Aid	*College and Institute Act*	Need	Provincial Student Loans of up to $2,000 (without dependants) and up to $2,400 (with dependants) annually; part-time campus employment for students demonstrating financial need; other small assistance programs for specific purposes	
HEALTH PROGRAMS				
Hospital care (including construction and equipment)	*Hospital Insurance Act*	In-patient care (includes acute, rehabilitation and extended care)	Payment of direct operating contributions to hospitals for care of all qualified provincial residents	Patient charge of $8.50 *per diem* while hospitalized for acute and rehabilitative care; patient charge of $15.25 *per diem* for extended care. (No user charge for extended care for persons under the age of 19.)
		Out-patient care	Payment made for a wide range of services, including day-care surgery	Patient charge of $10.00 for emergency services or minor surgery and $8.00 charge for day surgical services.
		Hospital equipment	Contributions of 33 to 100 per cent on major moveable depreciable equipment	
	Hospital District Act	Approved capital costs	60 per cent of debt service costs for approved construction and fixed equipment up to an amount equalling a levy, as prescribed in the Act, on the net taxable value of land and improvements, plus 80% of any remaining expense	
Continuing care				
(A) Residential care	*Community Care Facility Act*	Need	Individual pays 75% of the OAS GIS rate *per diem* for basic accommodation. Province provides balance (approx. $5 to $45 per day)	Includes private hospitals, community care facilities and extended care hospitals.
(B) Home care				
(a) Home care nursing and home preparation		Need	Province pays 100 per cent	
(b) Homemaker services	*Guaranteed Available Income for Need Act*	Need	User charge levied based on income	Province pays 90 to 100 per cent (including federal government contributions).
Medical services	*Medical Service Act*	Premium rates	Medical services monthly premium rates effective April 1, 1986, are: $18 per single person, $32 per family of two and $38 per family of three or more	

Table 5.1

Major Provincial Programs for People—*Continued*

Type	Statutory Reference	Basis	Rate	Remarks
		Income or need	Subsidy of 90 per cent of medical care premiums for those with taxable income in previous year of $2,060 or less or under temporary financial hardship; 50 per cent subsidy for those with taxable income in previous year between $2,060 and $3,160	
Ambulance service	*Health Emergency Act*	Transportation, resuscitation and advanced life support	Net cost paid by province	Patient (resident of province) charged fee of $28 plus 29 cents per kilometre over 40 kilometres, up to a maximum $180.
PROPERTY TAX RELIEF PROGRAMS				
Home owner property tax grants	*Home Owner Grant Act*	Per eligible home owner	$380 plus additional $250 for home owners 65 and over, for certain persons on income assistance or pension and for eligible handicapped persons.	Minimum tax payable, $175; $1 if eligible for supplemental grant; applies first to school taxes.
Real property tax deferment	*Land Tax Deferment Act*	Per resident home owner age 65 or over, widowed spouse, handicapped	Deferment of 100 per cent of net property tax	Deferred taxes allowed only where property is eligible for home owner grant.
HOUSING PROGRAMS				
B.C. Housing Management Commission	*Ministry of Lands, Parks and Housing Act*	Income and housing need	Rent is subsidized to 30 per cent of income for units operated by BCHMC and designated units in non-profit and private market housing.	
B.C. Second Mortgage	*Home Purchase Assistance Act*	Established residency and home cost	Second mortgage of up to $10,000 providing applicant has not benefitted previously	Application may be made within one year after purchase of home; available on new or used housing under $85,000 in value.
B.C. Home Program	*Homeowner Interest Assistance Act*	Mortgage interest rates over 12 per cent	Interest free loans available to Sept. 30, 1985 to reduce the interest rate to 12 per cent on the first $60,000 of mortgage debt.	Interest free loans are repayable in 1986.
Housing for Disabled	*Ministry of Lands, Parks and Housing Act*	Income and housing need	Grant of up to ¼ of the total cost of self-contained low-rental housing units	Province may supply site on lease basis. Rental assistance available.
Senior citizens homes	*Housing Construction (Elderly Citizens) Act*	Total cost of construction and community need	Grant of up to ¼ of the total cost of self-contained low-rental housing units	Province may supply site on lease basis. Rental assistance available.
INCOME ASSISTANCE AND SOCIAL PROGRAMS				
Income assistance (social allowance, age benefits and supplement to old age security, and handicapped persons income assistance)	*Guaranteed Available Income for Need Act*	Income and need	Rates are determined by factors such as age, length of time on Income Assistance, family size and employability	Province pays 100 per cent of allowance and recovers 50 per cent in federal contributions in most cases.
		Disability and need	Single handicapped person, $548.14 monthly maximum; couple, with one person handicapped, $865 monthly; couple, both persons handicapped, $1,001.32	Province pays 100 per cent (including federal contribution).
Elderly renters' assistance	*Shelter Aid for Elderly Renters Act*	Tenants age 65 and over receiving Old Age Security and in financial need	Monthly payments equal to 75 per cent of rent in excess of 30 per cent of income	Maximum claimable rent of $365 per month for a couple and $330 per month for a single person.
Health care services	*Guaranteed Available Income for Need Act*	Need	Comprehensive health care to persons receiving income assistance benefits and to children in care	Province pays 50 to 100 per cent, according to type of expenditure (including federal contribution).
Pharmacare	*Guaranteed Available Income for Need Act*	Age or income	(a) Free prescription drugs for persons aged 65 and over, long-term care residents and unemployable and handicapped GAIN clients (b) 80 per cent subsidy of prescription drug costs over $200 for a family or for a single person in each calendar year	Province pays 100 per cent (including federal contribution).
Services for the mentally retarded	*Guaranteed Available Income for Need Act*	Income or need	Institutional and community based residential care; achievement centres; community living skills	Province pays up to 100 per cent according to type of expenditure (including federal contribution).
Family support homemaker services	*Guaranteed Available Income for Need Act*	Need	Temporary homemaker services for the care of children	Province pays up to 100 per cent (including federal contribution).
Child day care and special needs day care	*Guaranteed Available Income for Need Act*	Income and need	Subsidy for each child	Province pays up to 100 per cent (including federal contribution).
		Approved capital and equipment costs	Grants to day-care centres	Province pays 100 per cent (including federal contribution).
Infant development program	*Guaranteed Available Income for Need Act*	Need	Fully subsidized	
Family and children's services (protection services, payments to foster, group and therapeutic homes, specialized treatment resources, special services to children, rehabilitation resources, family support, homemaker services, adoption and infant development program)	*Family and Child Service Act*	Need and or income	(a) Foster care rates effective April 1, 1986: $187.86 to $319.14 per month according to age; special rates for authorized care or services (b) Other services provided through a contracted basis, subsidy to parents, or contributions to a community agency	Province pays up to 100 per cent according to type of expenditure (including federal contribution).
Community projects	*Guaranteed Available Income for Need Act*	Approved operating costs	Contributions for various community-based projects and services, including crisis centres, family support and counselling, youth programs, programs for handicapped, volunteer bureaus and multi-service agencies	Province pays 100 per cent (including federal contribution).

Table 5.1

Major Provincial Programs for People—*Continued*

Type	Statutory Reference	Basis	Rate	Remarks
Individual Opportunity Program (Incentive allowance, employment opportunity program, job action, work clothing and transportation, education and training assistance, work activity projects and employment incentives for the handicapped)	*Guaranteed Available Income for Need Act*	Income and Need	Assistance and incentives vary among programs	Various forms of incentives and assistance to prepare income assistance recipients for return to work.
OTHER PROGRAMS				
Highways	*Highway Act*	Provincial highways in municipalities	Arterials, 100 per cent; secondary, 50 per cent for capital works, 40 per cent for maintenance	
Urban transit	*British Columbia Transit Act*	Planning and funding of transit services	Shared-cost formula with users, the province and municipalities contributing	
Regional and community parks	*Park (Regional) Act, Ministry of Lands, Parks and Housing Act*	Assistance to municipalities and regional districts through the provision of Crown grants for regional and community park purposes		
Library grants	*Library Act*	Population served (and area served in the case of regionally organized libraries)	Rates are established annually	
Provincial guaranteed debt			Guaranteed debt of self-liquidating obligations of municipalities and other local entities for water, sewerage, drainage, schools, post-secondary institutions, hospitals, etc., at March 31, 1986, was $2,026.2 million.	Province provides grants covering specified proportions of debt-service costs.

Table 6.1

Volume of Mature Timber

Species	Coast Volume	Per Cent of Coast	Interior Volume	Per Cent of Interior	Total Volume	Per Cent of Total
	(thousand cubic metres)	(per cent)	(thousand cubic metres)	(per cent)	(thousand cubic metres)	(per cent)
Hemlock	1,355,235	40.7	499,922	10.2	1,855,157	22.5
Spruce	172,556	5.2	1,558,723	31.7	1,731,278	21.0
Balsam	550,462	16.5	964,130	19.6	1,514,592	18.4
Lodgepole Pine	18,809	0.6	1,214,149	24.7	1,232,958	15.0
Red Cedar	756,756	22.7	165,604	3.4	922,360	11.2
Douglas Fir	272,520	8.2	264,017	5.4	536,537	6.5
Other Coniferous	185,864	5.6	52,229	1.1	238,094	2.9
Deciduous	15,642	0.5	193,946	3.9	209,588	2.5
Total	3,327,844	100.0	4,912,720	100.0	8,240,564	100.0

Source: Ministry of Forests, Planning and Inventory Branch.

Table 6.2

Timber Scaled by Species

Species	1975	1983	1984	1985[1]	1985 Per Cent of Total
			(thousand m^3)		
Balsam	6,334	9,039	9,121	9,574	12.4
Cedar	6,013	7,601	8,636	8,419	11.0
Douglas-Fir	7,094	7,449	7,698	8,563	11.1
Lodgepole pine	7,880	15,527	15,819	17,137	22.3
Spruce	11,056	17,768	19,239	18,677	24.3
Hemlock	9,999	12,063	11,996	12,759	16.6
All others	1,701	1,996	2,048	1,740	2.3
Total	50,077	71,443	74,557	76,869	100.0

[1] Ministry of Forests, *Monthly Timber Scale Report*. Subject to revision.

Table 6.3

Metal, Mineral, Coal, Petroleum and Natural Gas Production

		1983		1984		1985[1]	
	Unit	Quantity	Value	Quantity	Value	Quantity	Value
Metals		(000)	($ millions)	(000)	($ millions)	(000)	($ millions)
Copper	kg	282,825	559.6	280,070	517.8	302,479	581.2
Gold	g	7,979	130.9	7,244	118.1	6,401	95.0
Iron concentrates	t	497	13.1	198	6.6	87	3.2
Lead	kg	112,942	48.8	85,147	37.9	106,435	38.4
Molybdenum	kg	10,179	87.6	12,165	113.8	7,334	73.1
Silver	g	402,003	179.9	363,378	121.4	363,692	101.3
Zinc	kg	95,287	79.6	95,335	115.2	106,815	112.9
Other		—	4.6	—	6.1	—	8.0
Total		—	1,104.1	—	1,036.9	—	1,013.1
Industrial Minerals							
Asbestos	t	82	53.4	92	75.3	86	60.6
Sulphur	t	488	24.9	509	27.2	296	31.4
Other		—	11.2	—	12.2	—	14.0
Total		—	89.5	—	114.7	—	106.0
Structural Materials		—	208.4	—	192.1	—	199.7
Coal	t	11,480	555.8	20,740	1,007.5	22,936	1,067.4
Petroleum and Natural Gas							
Crude oil	m^3	2,079	402.3	2,094	434.6	1,996	435.9
Natural gas to pipeline	10^3m^3	6,900	448.6	7,769	518.7	7,797	583.1
Other		—	45.9	—	44.5	—	48.1
Total		—	896.8	—	997.8	—	1,067.1
Totals, all metals, minerals and fuels		—	2,854.6	—	3,349.0	—	3,453.3

---

[1] Estimated.

Conversion table:

.9072 tonnes (t) = one short ton.
.4536 kilograms (kg) = one pound.
31.1035 grams (g) = one troy ounce.
.1590 cubic metres (m^3) = one barrel.
.0283 cubic metres (m^3) = one standard cubic foot.

Table 6.4

Historical Metal, Mineral, Coal, Petroleum and Natural Gas Production

	($ millions)		($ millions)
1972	636.2	1979	2,949.5
1973	1,109.4	1980	3,077.0
1974	1,264.2	1981	3,008.7
1975	1,364.1	1982	2,797.1
1976	1,520.3	1983	2,854.6
1977	1,788.2	1984	3,349.0
1978	1,972.1	1985 (estimate)	3,453.3

Table 6.5

Power Generation and Consumption in British Columbia (gigawatt-hours)

Year	UTILITIES		INDUSTRIES			TOTAL GENERATION	EXCHANGES WITH ALBERTA & U.S.		TOTAL PROVINCIAL CONSUMPTION
	Hydro-electric	Thermal	Hydro-electric	Hydro-mechanical	Thermal		Import	Export	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1975	21,566	1,906	9,529	133	1,216	34,350	1,331	3,170	32,511
1976	28,578	195	8,129	82	1,664	38,648	1,200	3,304	36,544
1977	32,367	245	8,963	78	1,606	43,259	1,002	5,735	38,526
1978	30,292	116	10,407	70	1,720	42,605	1,520	3,918	40,207
1979	29,465	532	11,703	73	1,713	43,486	1,732	3,652	41,566
1980	29,345	800	11,663	75	1,735	43,618	2,757	3,499	42,876
1981	37,906	183	11,616	0	1,520	51,225	1,140	8,970	43,395
1982	37,757	183	8,491	0	1,643	48,074	2,308	6,595	43,787
1983	36,276	145	8,682	0	2,256	47,359	2,443	5,158	44,644
1984	41,905	156	9,182	0	1,999	53,242	1,534	8,107	46,620
1985	47,464	151	9,698	0	1,879	59,192	1,080	11,231	49,041

Sources: Columns (1)–(4), (7) and (8) from Water Management Branch Records — data provided by licensees.
Column (5) from Statistics Canada 57-001.

Table 6.6

Principal Producers of Electric Power in British Columbia

	Installed Capacity at March 31, 1986 (Kilowatts)		
	Hydro	Thermal	Combined
Utilities			
British Columbia Hydro and Power Authority	9,571,002	1,131,140	10,702,142
Kitasoo Hydro	320	—	320
The Corporation of the City of Nelson	8,995	—	8,995
Tsawataineuk Band Council	75	—	75
West Kootenay Power and Light Co. Ltd.	184,875	—	184,875
Sub Totals—Utilities	9,765,267	1,131,140	10,896,407
Forest Products Companies			
B.C. Forest Products Ltd.	—	36,300	36,300
Westar Timber Ltd.	—	44,500	44,500
Canadian Forest Products Ltd.	—	4,500	4,500
Cariboo Pulp and Paper Co. Ltd.	—	28,000	28,000
Crestbrook Forest Industries	—	15,000	15,000
Crown Forest Industries Ltd.	—	23,420	23,420
Evans Products Co. Ltd.	—	7,500	7,500
MacMillan Bloedel Ltd.	74,980	119,360	194,340
Northwood Pulp Co.	—	31,500	31,500
Ocean Falls Corporation	13,320	—	13,320
Western Pulp Ltd.	4,587	39,800	44,387
Tahsis Co.	—	8,000	8,000
Weldwood of Canada	—	6,500	6,500
Western Forest Industries	—	1,700	1,700
Sub Totals—Forest Products	92,887	366,080	458,967
Mining Companies			
Aluminum Co. of Canada Ltd.	812,800	5,000	817,800
Dickenson Mines Ltd.	200	—	200
Cassiar Asbestos Co.	—	14,970	14,970
Cominco Ltd.	468,800	—	468,800
Endako Mines	—	2,250	2,250
Granduc Operating Co.	—	32,300	32,300
Wesfrob Mines	—	10,440	10,440
Westmin Resources Ltd.	3,060	—	3,060
Sub Totals—Mining	1,284,860	64,960	1,349,820
Other Industries			
B.C. Sugar Refining Co. Ltd.	—	5,500	5,500
Pacific Petroleums Ltd.	—	7,500	7,500
Walden North Enterprises	450	—	450
Sub Totals—Other Industries	450	13,000	13,450
Miscellaneous Hydro	1,413	—	1,413
Totals	11,144,877	1,575,180	12,720,057

Sources: Hydro plants—Water Management Branch Records.
Thermal plants—Owners, or "Electric Power in Canada".

Table 6.7

Ten Largest Powerplants in British Columbia

Name	River	Capacity (MW) Installed	Capacity (MW) Ultimate	Owner
G. M. Shrum (W.A.C. Bennett Dam)	Peace	2,730	2,730	B.C. Hydro
Revelstoke	Columbia	1,843	2,764	B.C. Hydro
Mica	Columbia	1,736	2,610	B.C. Hydro
Kemano	Nechako	813	1,611	Alcan
Peace Canyon	Peace	700	700	B.C. Hydro
Kootenay Canal	Kootenay	529	529	B.C. Hydro
Seven Mile	Pend Oreille	525	639	B.C. Hydro
Bridge River	Bridge	438	438	B.C. Hydro
Waneta	Pend Oreille	360	720[1]	Cominco
Jordan River	Jordan	150	150	B.C. Hydro

[1] Estimate.

Table 6.8

Value of Manufacturing Shipments

Industry	1983	Per Cent of Total Manufacturing	1984	Per Cent of Total Manufacturing	1985	Per Cent of Total Manufacturing	Change 1984–1985
	($ millions)		($ millions)		($ millions)		(per cent)
Wood	4,642	27.3	4,529	25.6	5,117	26.8	13.0
Paper and allied products	2,852	16.8	3,137	17.7	3,411	17.9	8.7
Refined petroleum and coal products	2,339	13.8	2,201	12.4	2,415	12.7	9.7
Food	2,121	12.5	2,243	12.7	2,330	12.2	3.9
Fabricated metal products	789	4.7	795	4.5	808	4.3	1.6
Primary metals	704	4.2	840	4.7	806	4.2	−4.0
Transportation equipment	423	2.5	686	3.9	751	4.0	9.5
Chemicals and chemical products	554	3.3	550	3.1	554	2.9	0.7
Non-metallic mineral products	437	2.6	440	2.5	445	2.3	1.1
Machinery (except electrical machinery)	330	1.9	401	2.3	417	2.2	4.0
Electrical and electronic products	212	1.2	216	1.2	214	1.1	−0.9
Clothing	125	0.7	136	0.8	151	0.8	11.0
Furniture and fixtures	109	0.6	107	0.6	113	0.6	5.6
Other	1,348	7.9	1,414	8.0	1,530	8.0	8.2
Total	16,985	100.0	17,695	100.0	19,062	100.0	7.7

Source: Statistics Canada.
Note: Based on the 1980 Standard Industrial Classification.

APPENDIX 7

THE PROVINCE OF BRITISH COLUMBIA

PRELIMINARY UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1986

FOREWORD

This section includes the preliminary unaudited financial statements of the government of the Province of British Columbia for the year ended March 31, 1986 prepared by the Comptroller General from the accounts of the province, using the modified accrual basis of accounting.

These preliminary unaudited financial statements reflect the operations of the General and Special Funds; they do not include those of Crown corporations and agencies, with the exception of their transactions with the provincial government. The interest of the province in its Crown entities is shown only to the extent of amounts invested in or advanced to them and as to guarantees of their debt securities issued. Accumulated earnings (or deficits) retained in these organizations are not reflected in the provincial government's financial statements.

The accounts of the government are subject to examination by the Auditor General who is required to report annually to the Legislative Assembly on the financial statements of the government. The Report of the Auditor General on the complete financial statements for the year ended March 31, 1986 will be included in the annual Public Accounts which will be available after submission to the Legislative Assembly.

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Table 7.1

Combined General Fund and Special Funds (Consolidated Revenue Fund)
Balance Sheet at March 31, 1986 (Unaudited)

	1986	1985
ASSETS	$	$
Cash and temporary investments	37,796,720	204,239,334
Accounts receivable	708,250,605	694,288,110
Due from Crown corporations and agencies	113,792,666	152,521,240
Mortgages receivable	279,871,431	269,353,661
Prepaid program costs	101,800,243	96,205,420
Inventories	51,441,270	48,183,193
Investments in and advances to Crown corporations	321,595,411	336,222,875
Fiscal Agency loans	1,824,005,126	1,309,625,903
Property under development	59,862,471	57,866,040
Fixed assets	1	1
Other assets	189,037,173	223,093,951
	3,687,453,117	**3,391,599,728**
LIABILITIES		
Accounts payable and accrued liabilities	833,936,506	822,114,222
Due to Crown corporations and agencies	142,291,744	169,107,883
Deferred revenue	210,461,573	193,949,735
Public debt for:		
Government purposes	3,199,036,750	2,475,936,434
Fiscal Agency borrowings	1,824,005,126	1,315,760,795
	6,209,731,699	**4,976,869,069**
NET EQUITY		
Net equity (net deficiency)—beginning of year	(1,585,269,341)	(483,516,140)
Accrual of prior years' liability for employee benefits	—	(107,880,213)
Net equity (net deficiency)—beginning of year—as restated	(1,585,269,341)	(591,396,353)
Surplus (deficit) for the year	(937,009,241)	(993,872,988)
Net equity (net deficiency)—end of year	**(2,522,278,582)**	**(1,585,269,341)**
	3,687,453,117	**3,391,599,728**
CONTINGENCIES AND COMMITMENTS		
Guaranteed Debt	**11,970,956,815**	**12,207,358,176**
TRUST FUNDS	**13,287,702,344**	**11,603,492,198**

Table 7.2

Combined General Fund and Special Funds Statement of Operating Results for the Year Ended March 31, 1986 (Unaudited)

Estimates 1986		1986	1985
$	**Revenue**	$	$
4,678,000,000	Taxation	4,650,601,228	4,360,553,321
732,000,000	Natural resources	702,172,761	720,913,516
527,000,000	Other	602,010,932	557,204,414
390,000,000	Contributions from government enterprises	407,069,011	360,302,655
1,839,000,000	Contributions from the Federal Government	1,800,250,648	1,790,967,833
8,166,000,000	**Total revenue**	**8,162,104,580**	**7,789,941,739**
	Expenditure		
153,000,000	General government	162,204,750	169,716,478
411,600,000	Protection of persons and property	427,116,756	411,259,234
1,010,300,000	Transportation and communications	1,081,048,015	765,837,762
4,154,200,000	Health and social services	4,114,003,082	3,991,213,568
66,000,000	Recreation and cultural services	67,456,300	58,872,963
1,753,600,000	Education	1,735,936,671	1,710,935,355
632,700,000	Natural resources, trade and industrial development	662,641,414	528,509,404
76,600,000	Housing	91,677,110	72,923,404
295,000,000	Aid to local government	297,114,475	286,584,018
384,100,000	Debt servicing	341,893,816	274,580,712
118,900,000	Other	118,021,432	513,381,829
9,056,000,000	**Total expenditure**	**9,099,113,821**	**8,783,814,727**
(890,000,000)	**Surplus (Deficit) for the Year**	**(937,009,241)**	**(993,872,988)**

Table 7.3

Combined General Fund and Special Funds Revenue
for the Fiscal Year Ended March 31, 1986 (Unaudited)

Estimated	Source	Revenue		
$		$	$	$
	Taxation Revenue:			
2,005,000,000	Personal income[1]		2,073,087,994	
415,000,000	Corporation income[1]		323,481,377	
1,441,000,000	Social service		1,451,761,470	
385,000,000	Gasoline		354,771,589	
58,000,000	Motive fuel use		65,248,415	
182,000,000	Tobacco		188,270,554	
95,000,000	Corporation capital		94,340,292	
39,000,000	Property (rural areas)		39,404,006	
24,000,000	Insurance premium		25,295,256	
27,000,000	Hotel room		27,656,537	
7,000,000	Horse racing		7,183,734	
	Succession and gift		100,004	
4,678,000,000	**Total Taxation Revenue**			4,650,601,228
	Natural Resource Revenue:			
	Petroleum and Natural Gas:			
114,000,000	British Columbia Petroleum Corporation and natural gas royalties	40,426,268		
87,000,000	Permits and fees	134,104,498		
100,000,000	Petroleum royalties	102,902,448		
301,000,000			277,433,214	
	Minerals:			
3,000,000	Mining tax	4,113,437		
3,000,000	Mineral resource tax	4,968,083		
21,000,000	Mineral land tax	18,621,955		
26,000,000	Coal, minerals and metals royalties	23,821,444		
8,000,000	Miscellaneous mining receipts	4,648,524		
61,000,000			56,173,443	
	Forests:			
16,000,000	Small business enterprise special account	20,449,791		
5,000,000	Logging tax	5,146,017		
109,000,000	Timber sales[2]	93,441,902		
14,000,000	Timber royalties	16,991,581		
4,000,000	Forest scaling fees	2,458,346		
6,000,000	Miscellaneous forest receipts	5,656,920		
154,000,000			144,144,557	
	Other:			
204,000,000	Water rentals and recording fees	213,890,683		
12,000,000	*Wildlife Act*—fees and licences	10,530,864		
216,000,000			224,421,547	
732,000,000	**Total Resource Revenue**			702,172,761

Table 7.3

Combined General Fund and Special Funds Revenue for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

Estimated	Source	Revenue		
$		$	$	$
	Other Revenue:			
	Sales and services:			
78,000,000	Lottery Special Fund	105,272,970		
31,460,000	Farm Income Assurance Special Fund (producers' premiums)	25,630,099		
30,000,000	Land Registry Fees	33,666,671		
20,500,000	Real estate earnings of the Crown Land Account	25,767,649		
6,700,000	Motor vehicle lien and search fees	6,494,223		
6,600,000	Ambulance service	7,072,765		
5,400,000	Ferry revenue	3,190,994		
1,700,000	Sheriffs' fees	1,343,260		
2,000,000	Property tax collection fees	2,374,012		
3,100,000	Vital statistics fees	2,831,281		
1,400,000	Hearing aid equipment	2,053,367		
200,000	Sales of maps and airphotos	375,216		
5,940,000	Miscellaneous sales and services	7,138,715		
193,000,000			223,211,222	
	Licences and permits:			
125,000,000	Motor vehicle licences and permits	116,321,485		
17,000,000	Liquor Licensing Branch—permits and fees	16,466,234		
9,300,000	Companies Branch	8,457,846		
6,000,000	Safety inspection fees	6,111,516		
6,000,000	Filing fees — Court services	3,610,111		
3,700,000	Camp-site permits and park use	3,597,132		
4,000,000	*Fire Services Act*—fees, etc.	4,516,711		
1,700,000	Insurance, brokers and real estate	1,891,830		
1,700,000	Agricultural licences	1,472,684		
300,000	Trade and dealer licences	260,982		
600,000	Mobile home registry	582,897		
3,700,000	Miscellaneous licences and permits	2,590,194		
179,000,000			165,879,622	
92,000,000	Income from investments		79,458,943	
	Miscellaneous:			
18,000,000	Fines and penalties	15,126,079		
11,400,000	Maintenance of children	14,146,573		
1,000,000	Other maintenance receipts	1,337,107		
10,600,000	Insurance claim receipts	10,358,577		
19,400,000	Other miscellaneous revenue	28,948,650		
2,600,000	Municipal share of joint service programs	2,804,908		
63,000,000			72,721,894	
	Non-recurring recoveries:			
	Salt water ferries — sale of assets	60,611,966		
	Wind-up of Pier B.C.	127,285		
			60,739,251	
527,000,000	**Total Other Revenue**			602,010,932

Table 7.3

Combined General Fund and Special Funds Revenue for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

Estimated	Source	Revenue		
$		$	$	$
	Contributions From Government Enterprises:			
390,000,000	Liquor Distribution Branch[3]		398,375,011	
	Insurance Corporation of British Columbia		8,694,000	
390,000,000	**Total Contributions from Government Enterprises**			407,069,011
	Contributions from the Federal Government:			
1,104,000,000	Established Programs Financing		1,091,252,000	
614,000,000	Canada Assistance Plan		588,816,595	
53,300,000	*National Training Act*		42,999,358	
3,300,000	Economic development		12,783,782	
5,000,000	*Public Utilities Income Tax Transfer Act*		2,655,530	
15,000,000	Transportation and highways		15,310,200	
2,500,000	Statutory subsidies		2,515,831	
20,000,000	Reciprocal Taxation Agreement		21,786,075	
21,900,000	Other payments		22,131,277	
1,839,000,000	**Total Contributions from the Federal Government**			1,800,250,648
8,166,000,000	**Total Combined Funds Revenue**			**8,162,104,580**

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[1] Personal and Corporation income tax revenues are recorded after reduction for tax credits of $3,516,787 and $9,932,065 respectively.

[2] Timber sales revenue is recorded after deduction of stumpage offsets of $71,262,830 allowed under section 88 of the *Forest Act*.

[3] The British Columbia Liquor Distribution Branch revenue is the net income of the Branch after adjusting for differences in the accounting policies of the Branch and those of the Government.

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Legislation					
1	Legislation	**10,458,961**		**10,458,961**	**9,913,115**	**545,846**
	Auditor General					
2	Auditor General	**3,655,695**				
	Supplement — Special Warrant No. 10		**281,100**	**3,936,795**	**3,850,402**	**86,393**
	Ombudsman					
3	Office of the Ombudsman	**2,031,156**				
	Supplement — Special Warrant No. 11		**281,110**	**2,312,256**	**2,279,060**	**33,206**
	Premier's Office					
4	Premier's Office	**694,396**		**694,396**	**691,576**	**2,820**
	Economic Renewal Program					
5	Economic and Regional Development Agreement (ERDA)	**65,000,000**		**65,000,000**	**29,272,107**	**35,727,893**
	Ministry of Agriculture and Food					
6	Minister's Office	188,723		188,723	179,524	9,199
7	Ministry Operations	69,177,308		69,177,308	64,099,155	5,078,153
8	Milk Board	290,406		290,406	289,731	675
9	Provincial Agricultural Land Commission	1,036,670		1,036,670	1,023,665	13,005
10	Economic Renewal — Agricultural Market and Food Industry Development	4,300,000		4,300,000	1,807,955	2,492,045
	Statutory—					
	Cattle Horn Act (R.S.B.C. 1979, chap. 44, sec. 7) — Livestock Improvement		96,727	96,727	96,727	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 21 (1)) —					
	Special Warrant No. 1 — Drought Assistance		2,250,000	2,250,000	2,250,000	
	Special Warrant No. 2 — Red Wine Assistance		2,800,000	2,800,000	2,724,600	75,400
	Special Warrant No. 6 — Drought Assistance		3,000,000	3,000,000	2,450,000	550,000
	Special Accounts—					
	Livestock Protection Act (R.S.B.C. 1979, chap. 245, sec. 14) — Livestock Protection	15,000	7,151	22,151	22,151	
	Farm Product Industry Act (R.S.B.C. 1979, chap. 124, sec. 16) — Farm Products Industry Improvement	500,000	282,769	782,769	782,769	
	Special Fund — *Farm Income Insurance Act* (R.S.B.C. 1979, chap. 123, sec. 2) — Farm Income Assurance	62,920,000		62,920,000	52,164,522	10,755,478
	Less transfers to the Farm Income Assurance Fund from Vote 7	(31,460,000)		(31,460,000)	(25,630,099)	(5,829,901)
		106,968,107	**8,436,647**	**115,404,754**	**102,260,700**	**13,144,054**
	Ministry of Attorney General					
11	Minister's Office	223,385		223,385	180,442	42,943
12	Ministry Operations	237,530,816				
	Supplement—Special Warrant No. 8		4,285,000			
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		963,466			
	Criminal Injury Compensation Act (R.S.B.C. 1979, chap. 83, sec. 2 (5))		73,690	242,852,972	242,852,972	
13	Judiciary	14,713,906		14,713,906	14,206,857	507,049

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

		Total Appropriations				
Vote No.	**Description**	**Estimated**	**Other Authorizations**	**Total**	**Actual Expenditure**	**Net Under Expenditure**
		$	$	$	$	$
14	Corrections	114,872,944				
	Supplement — Special Warrant No. 9		700,000			
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		(89,509)	115,483,435	115,404,274	79,161
	Statutory—					
	Escheat Act (R.S.B.C. 1979, chap. 111, sec. 13 (2))—Estate disbursement		654,041	654,041	654,041	
	Police Act (R.S.B.C. 1979, chap. 331, sec. 7 (4))—Police study		44,573	44,573	44,573	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
	Special Account — *Land Title Act* (R.S.B.C. 1979, chap. 219, sec. 274) — Land Titles Survey	14,813		14,813		14,813
		367,355,864	**6,631,261**	**373,987,125**	**373,343,159**	**643,966**
	Ministry of Consumer and Corporate Affairs					
15	Minister's Office	208,370		208,370	201,541	6,829
16	Ministry Operations	18,996,243		18,996,243	18,852,641	143,602
	Statutory — *Securities Act* (S.B.C. 1985, chap. 83, sec. 161) — Implementation costs		66,809	66,809	66,809	
		19,204,613	**66,809**	**19,271,422**	**19,120,991**	**150,431**
	Ministry of Education					
17	Minister's Office	179,543		179,543	164,470	15,073
18	Management Operations	24,238,265				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 646/86)—Transfer to the Ministry of Post-Secondary Education		(72,641)			
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 20 (3))		583,845	24,749,469	24,749,469	
19	Public Schools Education	1,064,554,825				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 20 (3))		14,189,959			
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		(22,794,198)	1,055,950,586	1,055,950,586	
20	Post-Secondary Colleges and Institutes	312,105,535				
	Statutory — *Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 646/86)—Transfer to the Ministry of Post-Secondary Education		(23,784,717)	288,320,818	288,320,818	
21	Independent Schools	27,105,867		27,105,867	27,045,751	60,116
	Statutory—					
	Education (Interim) Finance Act (S.B.C. 1982, chap. 2, sec. 20 (6)) — Administration fees		1,126,278	1,126,278	1,126,278	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on property tax refunds		1,159,326	1,159,326	1,159,326	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
		1,428,184,035	**(29,592,148)**	**1,398,591,887**	**1,398,516,698**	**75,189**

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Ministry of Energy, Mines and Petroleum Resources					
22	Minister's Office	184,214		184,214	182,186	2,028
23	Resource Management Program	20,970,041		20,970,041	20,119,454	850,587
24	British Columbia Utilities Commission	1,436,210				
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 20 (3))		597,967	2,034,177	2,034,177	
25	Fort Nelson Indian Band Mineral Revenue Sharing Agreement	3,325,000		3,325,000	743,627	2,581,373
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on revenue refunds		26,250	26,250	26,250	
	Mines Act (S.B.C. 1980, chap. 28, sec. 15 (2))—Mine improvement		16,705	16,705	16,705	
	Finanancial Administration Act (S.B.C. 1981, chap. 15, sec. 14 (1))—Debt write-off		52,501	52,501	52,501	
		25,915,465	**693,423**	**26,608,888**	**23,174,900**	**3,433,988**
	Ministry of Environment					
26	Minister's Office	169,073		169,073	168,638	435
27	Resource and Environmental Management	91,605,504		91,605,504	86,150,536	5,454,968
28	Emergency Assistance	2,403,500		2,403,500	563,322	1,840,178
29	Economic Renewal—Water Management Capital Construction Projects	4,000,000		4,000,000	3,981,716	18,284
	Statutory—					
	Flood Relief Act (R.S.B.C. 1979, chap. 138, sec. 2)—Flood costs		1,541,009	1,541,009	1,541,009	
	Emergency Program Act (R.S.B.C. 1979, chap. 106, sec. 16)—Purchase of property subject to hazard		2,623,135	2,623,135	2,623,135	
	Environment Management Act (S.B.C. 1981, chap. 14, sec. 6 (1))—Byrne Disaster		19,082	19,082	19,082	
	Skagit Environmental Enhancement Act (S.B.C. 1984, chap. 28, sec. 6)—Skagit Environmental Endowment Commission		349,589	349,589	349,589	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 15 (1))—Extinguishment of debt		3,225	3,225	3,225	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
	Special Fund—*Wildlife Act* (S.B.C. 1982, chap. 57, sec. 11 (4))—Habitat Conservation Fund	1,804,000		1,804,000	1,460,962	343,038
		99,982,077	**4,536,040**	**104,518,117**	**96,861,214**	**7,656,903**
	Ministry of Finance					
30	Minister's Office	189,239		189,239	187,316	1,923
31	Government Financial Support	57,520,590		57,520,590	57,492,556	28,034
32	Provincial Capital Commission	300,000		300,000	300,000	
33	Compensation Stabilization Program	710,263		710,263	622,871	87,392
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 53 (f))—Issue costs		3,184,995	3,184,995	3,184,995	
	Unclaimed Money Act (R.S.B.C. 1979, chap. 418, sec. 4)—Payment of claims		10,268	10,268	10,268	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on revenue refunds		1,268,513	1,268,513	1,268,513	

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Critical Industries Act (S.B.C. 1985, chap. 47, sec. 16)—Critical Industries Commissioner		218,705	218,705	218,705	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 13 (a))—Payment of claim		2,529	2,529	2,529	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
	Special Account—*Purchasing Commission Act* (R.S.B.C. 1979, chap. 350, sec. 23.1 (3))—Purchasing Commission Working Capital Account		521,144	521,144	521,144	
		58,720,092	**5,206,154**	**63,926,246**	**63,808,897**	**117,349**
	Ministry of Forests					
34	Minister's Office	156,162		156,162	156,010	152
35	Forest and Range Management	200,676,846				
	Supplement—Special Warrant No. 7		750,000			
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 23 (3))		4,863,248	206,290,094	206,290,094	
36	Fire Suppression Program	46,500,000				
	Statutory—*Forest Act* (R.S.B.C. 1979, chap. 140, sec. 124 (4))		82,895,460	129,395,460	129,395,460	
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on revenue refunds		5,801	5,801	5,801	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
	Special Accounts—					
	Forest Act (R.S.B.C. 1979, chap. 140, sec. 87.1)—Small Business Enterprise	12,000,000		12,000,000	11,289,504	710,496
	Special Appropriations Act (S.B.C. 1982, chap. 40, sec. 5)—Forest and Range Resource Fund		354,231	354,231	354,231	
		259,333,008	**88,868,740**	**348,201,748**	**347,491,100**	**710,648**
	Ministry of Health					
37	Minister's Office	206,025		206,025	189,599	16,426
38	Management Operations	66,615,137		66,615,137	66,389,201	225,936
39	Medical Services Commission	588,602,983		588,602,983	561,170,963	27,432,020
40	Preventive and Community Health Care Services	217,313,447		217,313,447	208,779,851	8,533,596
41	Institutional Services	1,794,176,742		1,794,176,742	1,794,001,397	175,345
	Statutory—*Financial Administration Act* (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries		43,071	43,071	43,071	
		2,666,914,334	**43,071**	**2,666,957,405**	**2,630,574,082**	**36,383,323**
	Ministry of Human Resources					
42	Minister's Office	214,384		214,384	198,747	15,637
43	Ministry Programs	1,464,102,542				
	Supplement—Special Warrant No. 12		14,000,000	1,478,102,542	1,467,874,101	10,228,441
		1,464,316,926	**14,000,000**	**1,478,316,926**	**1,468,072,848**	**10,244,078**
	Ministry of Industry and Small Business Development					
44	Minister's Office	196,194		196,194	176,313	19,881
45	Ministry Operations	22,467,046		22,467,046	21,142,577	1,324,469

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

		Total Appropriations				
Vote No.	Description	Estimated	Other Authorizations	Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
46	Economic Renewal—Special initiatives	8,300,000		8,300,000	58,729	8,241,271
	Statutory—*Low Interest Loan Assistance Revolving Fund Act* (S.B.C. 1985, chap. 44, sec. 2)—Assets transferred to the Special Fund		26,312,904	26,312,904	26,312,904	
	Special Funds—					
	Industrial Development Fund Act (R.S.B.C. 1979, chap. 194, sec. 1 (3))—Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund	992,000	423,510	1,415,510	1,415,510	
	Low Interest Loan Assistance Revolving Fund Act (S.B.C. 1985, chap. 44, sec. 4)—Low Interest Loan Assistance Revolving Fund	2,484,000		2,484,000	653,155	1,830,845
	Less transfer to the Special Fund from the General Fund		(26,312,904)	(26,312,904)	(26,312,904)	
		34,439,240	**423,510**	**34,862,750**	**23,446,284**	**11,416,466**
	Ministry of Intergovernmental Relations					
47	Minister's Office	126,917		126,917	126,905	12
48	Intergovernmental Relations	2,504,861		2,504,861	2,482,503	22,358
	Statutory—*Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England		2,601	2,601	2,601	
		2,631,778	**2,601**	**2,634,379**	**2,612,009**	**22,370**
	Ministry of International Trade and Investment					
49	Minister's Office	143,191		143,191	137,979	5,212
50	Ministry Operations	7,754,283		7,754,283	6,185,802	1,568,481
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 647/86)—Transfer from Ministry of Universities, Science and Communications		1,718,419	1,718,419	551,970	1,166,449
	Public Service Act (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England		1,601	1,601	1,601	
		7,897,474	**1,720,020**	**9,617,494**	**6,877,352**	**2,740,142**
	Ministry of Labour					
51	Minister's Office	210,175		210,175	181,155	29,020
52	Ministry Operations	54,027,722		54,027,722	50,767,021	3,260,701
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 21 (1))—Special Warrant No. 3—British Columbia Youth Council		50,000	50,000	30,470	19,530
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
		54,237,897	**50,000**	**54,287,897**	**50,978,646**	**3,309,251**
	Ministry of Lands, Parks and Housing					
53	Minister's Office	195,365		195,365	192,567	2,798
54	Ministry Operations	58,299,086		58,299,086	57,253,118	1,045,968
55	Ministry Enterprises	10		10		10

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
56	British Columbia Home Program	10		10		10
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries					
	Special Accounts—					
	Ministry of Lands, Parks and Housing Act (R.S.B.C. 1979, chap. 277, sec. 7)—Crown land	27,600,000	14,935,600	42,535,600	42,535,600	
	Home Conversion and Leasehold Loan Act (R.S.B.C. 1979, chap. 170, sec. 17) and *Home Purchase Assistance Act* (R.S.B.C. 1979, chap. 172, sec. 21)—Provincial Home Acquisition	4,100,000	9,219,693	13,319,693	13,319,693	
	University Endowment Land Act (R.S.B.C. 1979, chap. 420, sec. 3) — University Endowment Lands Administration	1,306,446		1,306,446	1,226,908	79,538
		91,500,917	**24,155,293**	**115,656,210**	**114,527,886**	**1,128,324**
	Ministry of Municipal Affairs					
57	Minister's Office	179,377		179,377	176,793	2,584
58	Operations and Administration	7,188,968		7,188,968	7,093,390	95,578
59	Municipal Revenue Sharing	235,000,000		235,000,000	235,000,000	
	Statutory—					
	Special Account—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 2)—Downtown Revitalization	900,000	79,279	979,279	979,279	
	Special Fund—*Revenue Sharing Act* (R.S.B.C. 1979, chap. 368, sec. 3)—Revenue Sharing Fund	204,000,000	6,008,593	210,008,593	210,008,593	
	Less transfer to the Revenue Sharing Fund from Vote 59	(235,000,000)		(235,000,000)	(235,000,000)	
		212,268,345	**6,087,872**	**218,356,217**	**218,258,055**	**98,162**
	Ministry of Post-Secondary Education					
	Ministry Operations					
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 646/86, 647/86)					
	—Transfer from the Ministry of Universities, Science and Communications		10,069,542			
	—Transfer from the Ministry of Education		23,857,358	33,926,900	32,949,654	977,246
			33,926,900	**33,926,900**	**32,949,654**	**977,246**
	Ministry of Provincial Secretary and Government Services					
60	Minister's Office	190,520		190,520	169,314	21,206
61	Ministry Operations	60,464,576		60,464,576	59,522,193	942,383
62	Government Information Services	20,428,969		20,428,969	20,341,881	87,088
63	Pensions and Employee Benefits Administration	10		10		10
64	Pensions and Employee Benefits Contributions	10		10		10
	Statutory—					
	Inquiry Act (R.S.B.C. 1979, chap. 198, part 2, sec. 18)—The McFarlane Commission		43,389	43,389	43,389	
	Election Act (R.S.B.C. 1979, chap. 103, sec. 191 (1))—Revision of Electoral Lists		1,233,071	1,233,071	1,233,071	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22(1))—Net of recoveries					

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Special Account—*Special Appropriations Act* (S.B.C. 1982, chap. 40, sec. 7)—Provincial Computerization of Libraries	563,741		563,741	217,910	345,831
	Special Funds—					
	Funds Control Act (R.S.B.C. 1979, chap. 146, sec. 6)—British Columbia Cultural Fund	1,544,000		1,544,000	1,535,306	8,694
	Funds Control Act (R.S.B.C. 1979, chap. 146, sec. 3)—First Citizens' Fund	1,831,000		1,831,000	1,340,814	490,186
	Lottery Act (R.S.B.C. 1979, chap. 249, secs. 6 and 7)—Lottery Fund	69,340,000	13,897,796	83,237,796	83,237,796	
	Funds Control Act (R.S.B.C. 1979, chap. 146, sec. 4)—Physical Fitness and Amateur Sports	1,545,000	236,514	1,781,514	1,781,514	
		155,907,826	**15,410,770**	**171,318,596**	**169,423,188**	**1,895,408**
	Ministry of Tourism					
65	Minister's Office	151,996		151,996	149,183	2,813
66	Ministry Operations	8,344,439				
	Supplement—Special Warrant No. 4		2,000,000	10,344,439	10,244,471	99,968
	Statutory — *Public Service Act* (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England and California, U.S.A.		6,445	6,445	6,445	
		8,496,435	**2,006,445**	**10,502,880**	**10,400,099**	**102,781**
	Ministry of Transportation and Highways					
67	Minister's Office	224,728		224,728	200,030	24,698
68	Administration and Services Department	10,814,278		10,814,278	10,424,277	390,001
69	Highway Operations Department	478,803,665				
	Supplement—Special Warrant No. 5		118,800,000	597,603,665	585,961,989	11,641,676
70	Motor Vehicle Department	32,456,912		32,456,912	31,629,365	827,547
71	Motor Carrier Commission and Branch	2,693,472		2,693,472	2,488,735	204,737
72	Transportation Policy Department	57,454,633		57,454,633	55,381,663	2,072,970
73	Air Services Branch	8,446,603		8,446,603	8,090,736	355,867
74	Economic Renewal—Special Highway Capital Construction Projects	456,055,000		456,055,000	430,260,551	25,794,449
		1,046,949,291	**118,800,000**	**1,165,749,291**	**1,124,437,346**	**41,311,945**
	Ministry of Universities, Science and Communications					
75	Minister's Office	127,740				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 647/86)—Transfer to the Ministry of Post-Secondary Education		(32,901)	94,839	94,839	
76	Ministry Operations	1,959,618				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 647/86)					
	—Transfer to the Ministry of Post-Secondary Education		(95,499)			
	—Transfer to the Ministry of International Trade and Investment		(169,775)	1,694,344	1,694,344	
77	Government Telecommunication Services	10				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 647/86)—Transfer to the Ministry of International Trade and Investment		(10)			

Table 7.4

Combined General Fund and Special Funds Expenditure by Appropriation for the Fiscal Year Ended March 31, 1986 (Unaudited)—*Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
78	Universities	330,603,700				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 647/86)—Transfer to the Ministry of Post-Secondary Education		(9,941,142)	320,662,558	320,662,558	
79	Science and Technology	9,500,000				
	Statutory—*Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C.s 250/86, 647/86)—Transfer to the Ministry of International Trade and Investment		(1,548,634)	7,951,366	7,951,366	
80	Economic Renewal—Science and Technology Stimulation Program	2,345,000		2,345,000	2,345,000	
		344,536,068	**(11,787,961)**	**332,748,107**	**332,748,107**	
	Other Appropriations—					
81	Student Employment Programs (Minister of Labour)	10,000,000		10,000,000	8,865,071	1,134,929
82	Transit Services (Minister of Human Resources)	74,300,000		74,300,000	74,300,000	
83	Interest on the Public Debt (Minister of Finance)	384,100,000		384,100,000	338,708,821	45,391,179
84	Contingencies (All Ministries—Minister of Finance)	50,000,000		50,000,000	21,350,454	28,649,546
		518,400,000		**518,400,000**	**443,224,346**	**75,175,654**
	Total Combined Funds Expenditure	**9,056,000,000**	**290,247,657**	**9,346,247,657**	**9,099,113,821**	**247,133,836**

Table 7.5

Special Funds Revenue, Expenditure and Balances for the Fiscal Year Ended March 31, 1986 (Unaudited)

	Balance March 31, 1985	Revenue[1]	Expenditure[2]	Balance March 31, 1986
Perpetual Funds—	$	$	$	$
British Columbia Cultural—				
Capital Account	20,000,000			20,000,000
Current Account	604,787	1,626,589	1,535,306	696,070
First Citizens'—				
Capital Account	25,000,000			25,000,000
Current Account	1,514,796	2,021,563	1,340,814	2,195,545
Physical Fitness and Amateur Sports—				
Capital Account	20,000,000			20,000,000
Current Account	543,164	1,654,924	1,781,514	416,574
	67,662,747	5,303,076	4,657,634	68,308,189
Other Funds—				
Farm Income Assurance[1,3]—				
Contributed reserve	9,674,624			9,674,624
Operating balance	(536,759)	51,260,197	52,164,522	(1,441,084)
Fiscal Agency Loans Fund[4]				
Habitat Conservation Fund	1,401,207	1,549,304	1,460,962	1,489,549
Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund	27,453,325	2,831,019	1,415,510	28,868,834
Lottery Fund	61,736,318	105,262,570	83,237,796	83,761,092
Low Interest Loan Agreement Revolving Fund[1]		28,139,929	653,155	27,486,774
Resource Revenue Stabilization Fund[2]		700,623,457	700,623,457	
Revenue Sharing Fund[1]—				
Stabilization Account		25,000,000		25,000,000
Operating Balance	7,893	210,202,959	210,008,593	202,259
	99,736,608	1,124,869,435	1,049,563,995	175,042,048
Total Special Funds	**167,399,355**	**1,130,172,511**	**1,054,221,629**	**243,350,237**

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[1] Special Fund revenues include amounts transferred as expenditures from the General Fund as follows:
Low Interest Loan Agreement Revolving Fund—$26,312,904.
Farm Income Assurance Fund—$25,630,099.
Revenue Sharing Fund—$235,000,000.

[2] Special Fund expenditure includes $700,623,457 transferred from the Resource Revenue Stabilization Fund to the General Fund.

[3] Balance of the Farm Income Assurance Fund has been separated into its components of a contributed reserve for stabilization account and operating or current account balance. The contributed reserve represents the remains of advances made by the Provincial Government to the Fund to cover short term deficits of individual programs.

[4] The Fiscal Agency Loans Fund is used solely to record the transactions relating to funds borrowed by the government on behalf of government corporations and loaned to them. Revenue and expenditure relating to these transactions are not recorded in this Fund. All amounts borrowed (liabilities of the government) are matched by loans (assets of the government), therefore no balance remains in the Fund.

Table 7.6

Combined General Fund and Special Funds Expenditure by Objects of Expenditure Classification (Grouped) for the Fiscal Year Ended March 31, 1986 (Unaudited)

Ministry	Salaries and Benefits	Operating Costs	Asset Acquisitions	Grants and Contributions	Other Expenditure	Less: Recoveries	Total Expenditure
	$	$	$	$	$	$	$
Legislation	5,385,110	1,826,952	181,967	69,800	2,449,286		9,913,115
Auditor General	3,148,799	745,932	98,850	5,000		(148,179)	3,850,402
Ombudsman	1,299,849	914,853	64,358				2,279,060
Premier's Office	531,638	155,224	4,714				691,576
Economic Renewal Program	31,818	19,604,271	5,696,346	3,974,297	48,000	(82,625)	29,272,107
Agriculture and Food	16,720,932	7,920,672	518,345	19,704,639	57,496,314	(100,202)	102,260,700
Attorney General	148,922,111	116,153,471	5,292,883	116,563,556	1,994,791	(15,583,653)	373,343,159
Consumer and Corporate Affairs	12,973,833	5,888,029	371,643	34,000		(146,514)	19,120,991
Education	14,485,421	32,177,540	1,032,937	1,945,564,932	3,017,688	(597,761,820)	1,398,516,698
Energy, Mines and Petroleum Resources	12,602,481	7,871,974	902,458	1,894,268	52,501	(148,782)	23,174,900
Environment	48,799,093	31,744,952	16,346,783	2,140,416	3,225	(2,173,255)	96,861,214
Finance	33,369,172	23,987,698	2,681,846	8,316,942	186,107,894	(190,654,655)	63,808,897
Forests	131,186,790	204,332,085	10,081,438	1,967,700	3,126	(80,039)	347,491,100
Health	221,537,881	101,378,867	9,927,253	2,313,330,925	13,710	(15,614,554)	2,630,574,082
Human Resources	130,072,678	51,419,785	2,662,854	1,286,913,604		(2,996,073)	1,468,072,848
Industry and Small Business Development	5,815,975	3,567,938	181,515	11,420,272	2,460,584		23,446,284
Intergovernmental Relations	1,762,615	651,115	93,279	105,000			2,612,009
International Trade and Investment	1,969,267	3,772,992	106,524	1,028,569			6,877,352
Labour	25,803,525	9,440,963	1,243,660	18,034,681	399,086	(3,943,269)	50,978,646
Lands, Parks and Housing	36,144,777	20,285,204	8,353,500	15,529,686	34,670,729	(456,010)	114,527,886
Municipal Affairs	3,509,979	1,651,824	315,449	212,780,803			218,258,055
Post-Secondary Education	284,724	161,540	14,416	33,336,088	150,918	(998,032)	32,949,654
Provincial Secretary and Government Services	37,717,054	56,435,713	2,676,137	92,219,961	1,105,251	(20,730,928)	169,423,188
Tourism	3,544,507	4,766,868	117,105	1,971,619			10,400,099
Transportation and Highways	230,001,213	318,371,222	522,935,690	53,702,984	245,875	(819,638)	1,124,437,346
Universities, Science and Communications	2,991,819	443,384	1,265,191	330,985,924		(2,938,211)	332,748,107
Other Appropriations	(3,190,031)	3,788,507	1,609,398	96,538,870	344,477,602		443,224,346
Combined Expenditure	1,127,423,030	1,029,459,575	594,776,539	6,568,134,536	634,696,580	(855,376,439)	9,099,113,821
Comparative—1985 Combined Expenditure	1,100,350,092	830,802,157	325,085,825	6,930,626,244	456,014,623	(859,064,214)	8,783,814,727

Table 7.7

Combined General Fund and Special Funds Revenue by Source for the Fiscal Years Ended March 31, 1983, 1984, 1985 and 1986 (Unaudited)

	1983	1984	1985	1986
Taxation revenue	$	$	$	$
Personal income	2,008,152,085	1,818,815,006	1,853,296,653	2,073,087,994
Corporation income	188,550,277	309,470,082	366,164,204	323,481,377
Social service	999,449,345	1,201,338,425	1,331,342,643	1,451,761,470
Gasoline	348,718,971	370,554,377	411,932,509	354,771,589
Motive fuel use	40,254,002	50,513,372	56,394,694	65,248,415
Tobacco	109,109,479	138,450,501	159,315,452	188,270,554
Corporation capital	83,833,538	85,782,350	86,998,874	94,340,292
Property (rural areas)	40,745,157	36,789,104	41,008,063	39,404,006
Insurance premiums	21,141,440	20,920,174	22,039,794	25,295,256
Hotel room	22,550,007	23,215,930	25,099,624	27,656,537
Horse racing	7,164,243	7,701,216	6,801,580	7,183,734
Succession and gift		(99,762)	159,231	100,004
Total Taxation Revenue	**3,869,668,544**	**4,063,450,775**	**4,360,553,321**	**4,650,601,228**
Natural resource revenue				
Minerals				
Petroleum and natural gas				
British Columbia Petroleum Corporation and natural gas royalties	96,048,923	166,230,913	140,013,142	40,426,268
Permits and fees	49,253,175	70,380,793	97,811,166	134,104,498
Petroleum royalties	83,523,655	96,652,028	100,061,797	102,902,448
Revenue from other minerals	32,454,641	31,616,719	54,223,756	56,173,443
	261,280,394	**364,880,453**	**392,109,861**	**333,606,657**
Forests				
Logging tax	2,074,182	956,421	4,313,466	5,146,017
Timber sales	64,700,259	103,833,898	97,411,290	93,441,902
Small business enterprise special account				20,449,791
Forest scaling fees	5,738,935	8,941,426	5,417,582	2,458,346
Other forest revenue	10,391,964	17,163,860	20,161,932	22,648,501
	82,905,340	**130,895,605**	**127,304,270**	**144,144,557**
Water resources	187,429,850	171,995,181	190,840,415	213,890,683
Wildlife Act — fees and licences	10,935,035	10,916,540	10,658,970	10,530,864
Total Natural Resource Revenue	**542,550,619**	**678,687,779**	**720,913,516**	**702,172,761**
Other revenue				
Sales and services				
Farm income assurance	28,338,001	31,843,481	26,272,675	25,630,099
Lottery	28,137,960	60,021,992	84,493,299	105,272,970
Land registry fees	27,056,219	31,035,564	27,318,053	33,666,671
Real estate earnings	17,119,741	12,448,413	13,686,163	25,767,649
Other	49,704,795	48,374,414	49,800,115	32,873,833
	150,356,716	**183,723,864**	**201,570,305**	**223,211,222**
Licences and permits				
Motor vehicle licences and permits	102,107,910	39,827,653	124,191,583	116,321,485
Other	44,045,671	43,673,900	46,469,541	49,558,137
	146,153,581	**83,501,553**	**170,661,124**	**165,879,622**
Fines and penalties	15,250,866	16,395,065	16,248,367	15,126,079
Income from investments	91,321,248	77,148,502	106,352,207	79,458,943
Sale of fixed assets				60,611,966
Recoveries of grants and contributions — British Columbia Place Ltd.	65,000,000			
British Columbia Cellulose Company — dividends	5,000,000			
Municipal and other governments	18,466,674	3,876,161	3,325,934	2,804,908
Miscellaneous	71,842,571	113,264,142	59,046,477	54,918,192
Total Other Revenue	**563,391,656**	**477,909,287**	**557,204,414**	**602,010,932**

Table 7.7

Combined General Fund and Special Funds Revenue by Source for the Fiscal Years Ended March 31, 1983, 1984, 1985 and 1986 (Unaudited)—*Continued*

	1983	1984	1985	1986
Contributions from government enterprises	$	$	$	$
Liquor Distribution Branch	337,854,900	351,525,246	355,898,655	398,375,011
British Columbia Buildings Corporation			4,404,000	
British Columbia Systems Corporation		19,045		
Insurance Corporation of British Columbia				8,694,000
Total Contributions from Government Enterprises	**337,854,900**	**351,544,291**	**360,302,655**	**407,069,011**
Contributions from the Federal Government				
Established Programs Financing	652,360,000	928,536,000	1,059,490,000	1,091,252,000
Fiscal Stabilization		139,000,000	35,000,000	
Canada Assistance Plan	460,005,833	543,710,297	572,860,899	588,816,595
Statutory and other subsidies	9,232,574	7,241,818	5,895,275	2,515,831
Other shared costs and grants in aid	94,025,647	137,877,548	98,403,659	95,880,147
Reciprocal Taxation Agreement		16,315,000	19,318,000	21,786,075
Total Contributions from the Federal Government	**1,215,624,054**	**1,772,680,663**	**1,790,967,833**	**1,800,250,648**
Total Combined Funds Revenue	**6,529,089,773**	**7,344,272,795**	**7,789,941,739**	**8,162,104,580**

Table 7.8

Combined General Fund and Special Funds Expenditure by Function for the Fiscal Years Ended March 31, 1983, 1984, 1985 and 1986 (Unaudited)

	1983	1984	1985	1986
General Government	$	$	$	$
Administrative	145,129,399	133,730,634	158,863,885	146,160,702
Legislative				
Elections	6,892,751	10,828,286	2,610,532	5,588,119
Legislative Assembly and Government House	8,075,752	9,553,189	8,242,061	10,455,929
Total General Government	**160,097,902**	**154,112,109**	**169,716,478**	**162,204,750**
Protection of Persons and Property				
Law enforcement	130,068,014	142,332,993	146,487,760	144,661,786
Corrections	108,154,126	110,644,158	107,003,400	115,404,274
Police protection	67,630,853	73,930,829	75,249,966	79,935,717
Registration, regulation, inspection, trusteeship	89,590,119	87,293,868	82,518,108	87,114,979
Total Protection of Persons and Property	**395,443,112**	**414,201,848**	**411,259,234**	**427,116,756**
Transportation and Communications				
Highways, roads, bridges and airports	455,409,698	670,432,825	644,728,658	1,004,244,246
Waterways, ferries, docks and wharves	43,389,549	36,400,569	35,478,210	26,557,394
British Columbia Ferries	47,820,819	47,821,333	47,821,433	44,821,375
British Columbia Railway	77,000,000	77,000,000	37,809,461	5,425,000
Total Transportation and Communications	**623,620,066**	**831,654,727**	**765,837,762**	**1,081,048,015**
Health and Social Services				
Health				
Administration	19,441,811	22,774,229	29,453,535	28,754,299
Public health	171,137,220	142,264,684	156,249,954	164,980,270
Medical, dental and allied services	650,673,569	850,800,449	763,009,622	789,240,574
Hospital care				
Administration	7,923,008	7,521,149	11,310,172	9,906,298
Payments to local hospitals	1,254,323,444	1,326,039,155	1,374,143,276	1,432,800,270
Provincial mental hospitals	166,788,754	175,921,242	172,548,174	161,421,093
Social Services				
Administration	115,575,091	119,281,030	131,537,031	127,458,890
Aid to aged persons	39,373,857	34,036,131	32,699,283	28,437,247
Social assistance	892,497,370	1,112,692,519	1,176,985,039	1,221,562,834
Child welfare	135,101,840	139,602,469	132,483,059	138,479,152
Labour relations, industrial conciliation and arbitration	12,460,255	10,676,348	10,794,423	10,962,155
Total Health and Social Services	**3,465,296,219**	**3,941,609,405**	**3,991,213,568**	**4,114,003,082**
Recreation and Cultural Services				
Archives, art galleries, museums and libraries	16,888,383	18,818,513	17,344,553	16,497,913
Parks, beaches and other recreational areas	37,952,033	36,555,733	34,703,639	44,922,755
Physical culture	3,349,045	3,825,833	2,970,474	2,941,602
Other	4,996,370	4,276,696	3,854,297	3,094,030
Total Recreation and Cultural Services	**63,185,831**	**63,476,775**	**58,872,963**	**67,456,300**

Table 7.8

Combined General Fund and Special Funds Expenditure by Function for the Fiscal Years Ended March 31, 1983, 1984, 1985 and 1986 (Unaudited)—*Continued*

	1983	1984	1985	1986
Education	$	$	$	$
Administration	16,086,253	14,244,754	14,304,813	10,666,751
Schools operated by local authorities				
Operating grants	585,253,642	631,202,171	651,171,481	661,004,992
Home-owner grants (school-levy portion)	221,015,944	220,204,268	224,455,559	230,165,697
Aids and services	27,246,303	26,035,343	27,881,712	26,780,472
Universities, colleges, vocational and other schools	692,319,008	698,067,941	654,513,528	661,991,458
Independent schools	17,171,821	37,901,416	24,866,464	27,065,476
Education of the handicapped	5,831,335	7,998,267	8,127,611	13,450,994
Teachers' pensions and unemployment insurance	103,210,207	104,792,441	105,614,187	104,810,831
Total Education	**1,668,134,513**	**1,740,446,601**	**1,710,935,355**	**1,735,936,671**
Natural Resource and Primary Industries				
Fish and game	19,678,224	20,514,639	20,823,445	22,892,529
Forests (including fire suppression)	265,479,527	233,964,389	251,798,540	368,215,195
Lands-settlement and agriculture	155,412,015	159,051,812	139,275,913	145,736,180
Minerals and mines	20,643,424	17,791,913	23,056,108	19,299,850
Water resources	34,094,495	50,382,283	41,203,848	39,995,294
Total Natural Resource and Primary Industries	**495,307,685**	**481,705,036**	**476,157,854**	**596,139,048**
Trade and Industrial Development	**59,808,755**	**60,756,715**	**52,351,550**	**66,502,366**
Housing				
Home-owner grants (nonschool-levy portion)	36,646,367	42,842,938	43,636,096	44,746,196
Home-acquisition grants	22,116,318	23,560,828	6,313,104	18,987
Renters' grants	22,044,034	467,247		
Other	52,179,909	30,233,951	22,974,204	46,911,927
Total Housing	**132,986,628**	**97,104,964**	**72,923,404**	**91,677,110**
Aid to Local Government				
Grants in aid of local government	212,557,750	215,796,116	209,537,981	212,778,382
Transit subsidy	86,408,473	84,188,223	68,365,757	74,873,799
Planning and development	5,263,170	5,169,428	4,850,063	5,302,879
University Endowment Lands	3,977,510	3,749,909	3,830,217	4,159,415
Total Aid to Local Government	**308,206,903**	**308,903,676**	**286,584,018**	**297,114,475**
Interest on Public Debt	**28,329,459**	**112,594,092**	**274,580,712**	**341,893,816**
Other Expenditure				
Provincial Emergency Program	5,921,657	5,821,533	9,201,355	13,809,774
Special Employment Program	46,134,936	38,243,518	10,635,792	9,580,753
Interest on deposits and revenue refunds	1,552,448	898,997	1,311,097	2,459,889
Lottery Fund grants	28,658,227	56,761,841	49,175,942	79,530,884
Crown corporation grants and other payments	10,000,000	46,228,520	439,968,934	10,000,000
Transfer of property to British Columbia Buildings Corporation	20,012,926	392,104	2,961,009	2,109,735
Sundry	597,500	1,439,707	127,700	530,397
Total Other Expenditure	**112,877,694**	**149,786,220**	**513,381,829**	**118,021,432**
Total Combined Funds Expenditure	**7,513,294,767**	**8,356,352,168**	**8,783,814,727**	**9,099,113,821**

Table 7.9

Historical Statement of Combined Funds Revenue by Source for Fiscal Years Ending March 31

Year	Taxation	Natural Resource	Other Revenue	Contributions From Government Enterprises	Contributions From Federal Government	Total
			($ millions)			
1976	1,610.7	419.6	256.1	147.1	597.6	3,031.1
1977	2,046.7	415.7	355.2	162.6	671.7	3,651.9
1978	2,308.9	626.7	393.9	188.6	707.4	4,225.5
1979	2,531.8	806.5	329.5	218.4	818.1	4,704.3
1980	2,701.4	1,329.9	438.0	241.1	994.4	5,704.8
1981[1]	2,967.0	988.2	537.1	314.0	1,098.6	5,904.9
1981[1]	3,008.6	861.9	562.6	293.1	1,076.5	5,802.7
1982	4,216.7	597.6	680.3	326.5	1,082.3	6,903.4
1983	3,869.7	542.5	563.4	337.9	1,215.6	6,529.1
1984	4,063.5	678.7	477.9	351.5	1,772.7	7,344.3
1985	4,360.5	720.9	557.2	360.3	1,791.0	7,789.9
1986 (unaudited)	4,650.6	702.2	602.0	407.1	1,800.2	8,162.1

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.

Table 7.10

Historical Statement of Combined Funds Expenditure by Function for Fiscal Years Ending March 31

Year	Health	Social Services	Education	Transportation and Communications	Public Debt Interest	Other	Total
				($ millions)			
1976	811.5	443.9	777.3	368.8	—	1,039.9	3,441.4
1977	927.9	450.8	870.4	399.2	15.6	893.7	3,557.6
1978	1,011.2	523.9	949.7	473.5	22.5	1,040.7	4,021.5
1979	1,106.5	604.1	1,043.1	512.5	23.7	1,043.9	4,333.8
1980	1,314.0	701.9	1,189.7	534.2	21.7	1,401.5	5,163.0
1981[1]	1,672.1	829.0	1,322.2	558.9	45.4	1,849.1	6,276.7
1981[1]	1,700.1	847.7	1,320.3	660.9	19.3	1,511.2	6,059.5
1982	1,973.5	963.8	1,556.7	755.5	16.9	1,821.1	7,087.5
1983	2,270.3	1,195.0	1,668.1	623.6	28.3	1,728.0	7,513.3
1984	2,525.3	1,416.3	1,740.4	831.7	112.6	1,730.1	8,356.4
1985	2,506.7	1,484.5	1,710.9	765.8	274.6	2,041.3	8,783.8
1986 (unaudited)	2,587.1	1,526.9	1,735.9	1,081.0	341.9	1,826.3	9,099.1

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.

Table 7.11

Historical Summary of Financial Transactions for Fiscal Years Ending March 31

Year	Revenue	Expenditure	Surplus (Deficit)	Financing/ Working Capital Transactions	Total Financial (Requirements) Sources	Net Borrowing (Repayment) for Government Purposes	Change in Cash and Temporary Investments Increase (Decrease)[2]
				($ millions)			
1966	656.6	645.4	11.2	(2.4)	8.8	—	8.8
1967	731.6	660.5	71.1	(10.8)	60.3	—	60.3
1968	814.4	758.6	55.8	5.3	61.1	—	61.1
1969	968.4	910.8	57.6	11.8	69.4	—	69.4
1970	1,180.4	1,176.8	3.6	(9.3)	(5.7)	—	(5.7)
1971	1,299.7	1,200.5	99.2	(20.1)	79.1	—	79.1
1972	1,480.2	1,396.7	83.5	(22.8)	60.7	—	60.7
1973	1,691.5	1,594.7	96.8	(13.0)	83.8	—	83.8
1974	2,132.6	1,986.7	145.9	22.9	168.8	—	168.8
1975	2,680.2	2,690.0	(9.8)	(98.6)	(108.4)	—	(108.4)
1976	3,031.1	3,441.4	(410.3)	96.6	(313.7)	—	(313.7)
1977	3,651.9	3,557.6	94.3	(150.1)	(55.8)	261.4	205.6
1978	4,225.5	4,021.5	204.0	54.2	258.2	—	258.2
1979	4,704.3	4,333.8	370.5	(126.3)	244.2	—	244.2
1980	5,704.8	5,163.0	541.8	(85.0)	456.8	(26.1)	430.7
1981[1]	5,904.9	6,276.7	(371.8)	88.5	(283.3)	(26.1)	(309.4)
1981[1]	5,802.7	6,059.5	(256.8)	(30.1)	(286.9)	(26.1)	(313.0)
1982	6,903.4	7,087.5	(184.1)	159.3	(24.8)	(26.1)	(50.9)
1983	6,529.1	7,513.3	(984.2)	(265.3)	(1,249.5)	700.0	(549.5)
1984	7,344.3	8,356.4	(1,012.1)	223.5	(788.6)	713.0	(75.6)
1985	7,789.9	8,783.8	(993.9)	111.3	(882.6)	879.8	(2.8)
1986 (unaudited)	8,162.1	9,099.1	(937.0)	47.5	(889.5)	723.1	(166.4)

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.

[2] The definition of items classified as cash and temporary investments has changed over time. The table reports the change in cash and temporary investments based on the accounting classifications used during the year reported.

Table 7.12

Government of British Columbia Public and Guaranteed Debt at March 31, 1986 (Unaudited)

Government Operating Debt

Maturity	Date of Issue	Coupon Rate	Series	Outstanding
Short-term Debt		(per cent)		($ millions)
Treasury Bills[1]				
April to June, 1986	December to March, 1986	9.324 to 11.862		770.3
Short-Term Promissory Notes[2]				
April and May, 1986	February and March, 1986	10.91 to 12.55		263.6
Total Short-Term Debt				1033.9
Long-Term Debt[3]				
May 1, 1988	May 1, 1978	9.125	BD	78.7
March 31, 1988	March 31, 1983	11.375	PRA	26.1
August 23, 1988	August 23, 1983	11.50	PRB	94.9
October 20, 1993	October 20, 1983	12.00	PRC	142.0
December 9, 1993	December 9, 1983	12.00	BCEC-1	119.1
April 26, 1989	April 26, 1984	5.00	BCSF-1	210.4
March 1, 1985 to February 28, 2005	June 15, 1984	4.875 to 16.875	P-BCR	535.5
July 6, 1991	July 6, 1984	13.50	BCEC-2	66.4
November 29, 1991	November 29, 1984	12.25	BCEC-3	97.7
June 2, 1989 to November 1, 1991	March 29, 1985	6.79 to 8.33	Y5 to BJ	70.3
April 15, 1990	April 15, 1985	12.00	BCEC-4	125.0
April 23, 1993	April 23, 1985	7.80	BCJY-2	40.2
May 30, 1988	June 4, 1985	10.50	PRG	49.8
June 20, 1995	June 20, 1985	11.00	PRH	224.4
October 25, 1992	October 25, 1985	7.40	BCJY-3	28.6
December 10, 1990	December 10, 1985	9.75	PRK	237.3
March 27, 1993	March 27, 1986	6.90	BCJY-4	15.0
September 1, 1991 to December 1, 2014	March 31, 1986	5.125 to 16.53	—	3.7
Total Long-Term Debt				2,165.1
Total Debt for Government Purposes				**3,199.0**

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[1] Net of unamortized discount of $9,737,000.
[2] Net of unamortized discount of $1,336,000.
[3] Net of unamortized discount of $177,016,000 and sinking fund balances of $40,787,000.

Table 7.12

Government of British Columbia Public and Guaranteed Debt at March 31, 1986 (Unaudited) — *Continued*

Fiscal Agency Debt

Borrowings Made by the Province on Behalf of Government Corporations and Agencies

	1986			1985
	Gross Outstanding	Sinking Funds	Net Outstanding	Net Outstanding
	$	$	$	$
British Columbia Assessment Authority	3,637,334		3,637,334	3,319,300
British Columbia Buildings Corporation	139,612,812	709,397	138,903,415	124,562,338
British Columbia Development Corporation	10,000,000		10,000,000	
British Columbia Educational Institutions Capital Financing Authority	12,193,185	474,935	11,718,250	5,188,000
British Columbia Hydro and Power Authority	441,195,181	940,194	440,254,987	353,339,857
British Columbia Place Ltd.	111,772,576	807,634	110,964,942	77,077,067
British Columbia Railway Company	93,259,897		93,259,897	140,678,745
British Columbia Systems Corporation	2,018,755		2,018,755	
British Columbia Transit	668,685,636	8,624,843	660,060,793	375,929,417
Certificate of Approval Program	34,860,409		34,860,409	11,694,089
Expo 86 Corporation	286,838,173		286,838,173	206,388,115
University of British Columbia	27,634,705		27,634,705	11,448,975
Simon Fraser University	1,361,866		1,361,866	
W.L.C. Developments Ltd.	2,491,600		2,491,600	
Total Fiscal Agency Debt	**1,835,562,129**	**11,557,003**	**1,824,005,126**	**1,309,625,903**

Guaranteed Debt

Government of British Columbia Guaranteed Debt of Provincial Crown Corporations, Municipal and Other Local Governments and Private Sector

	1986			1985
	Gross Outstanding[2]	Sinking Funds [3]	Net Outstanding	Net Outstanding
	$	$	$	$
Social and Government Services—				
(1) Guarantees authorized pursuant to the *British Columbia Buildings Corporation Act*, sec. 13[1]— Debentures—funded	505,998,238	38,592,722	467,405,516	492,283,641
(2) Guarantees authorized pursuant to the *Educational Institution Capital Finance Act*, sec. 9,— Debentures—funded[1]	431,213,319	49,668,587	381,544,732	390,065,610
(3) Guarantees authorized pursuant to the *Hospital District Finance Act*, sec. 9 — Debentures—funded[1]	1,006,417,349	294,082,049	712,335,300	748,490,621
(4) Guarantees authorized pursuant to the *Municipal Act*, sec. 854, debentures (principally serials)	24,573,973	7,318,520	17,255,453	14,789,044
(5) Guarantees authorized pursuant to the *Municipalities Assistance Act*, sec. 3 (serials)	2,633,103		2,633,103	4,193,377
(6) Guarantees authorized pursuant to the *School District Capital Finance Act*, sec. 9[1]— Debentures—funded	1,599,488,794	686,993,144	912,495,650	975,570,865
—unfunded				1,200,333

Table 7.12

Government of British Columbia Public and Guaranteed Debt at March 31, 1986 (Unaudited) — *Continued*

Guaranteed Debt

Government of British Columbia Guaranteed Debt of Provincial Crown Corporations, Municipal and Other Local Governments and Private Sector — *Continued*

	1986			1985
	Gross Outstanding[2]	Sinking Funds[3]	Net Outstanding	Net Outstanding
(7) Guarantees authorized pursuant to the *System Act*, sec. 20[1] —	$	$	$	$
Debentures—funded	54,381,773	2,857,441	51,524,332	52,017,339
(8) Guarantees authorized pursuant to the *Financial Administration Act*, sec. 56—				
Student aid loans	17,190,618		17,190,618	9,955,185
Riverview Hospital Volunteer Association	11,000		11,000	15,000
Subtotal, Social and Government Services	3,641,908,167	1,079,512,463	2,562,395,704	2,688,581,015
Economic development —				
(9) Guarantees authorized pursuant to the *Agricultural Credit Act*, sec. 3	4,142,566		4,142,566	2,956,801
(10) Guarantees authorized pursuant to the *British Columbia Cellulose Company Act*, sec. 8[1]				4,847,911
(11) Guarantees authorized pursuant to the *British Columbia Transit Act*, sec. 22[1]—				
Bonds and debentures	58,639,264	11,960,654	46,678,610	77,024,087
Notes	49,280,275		49,280,275	100,702,055
Capital leases	186,006,222		186,006,222	94,368,552
(12) Guarantees authorized pursuant to the *Development Corporation Act*, sec. 15[1], Bonds	218,607,199			
Less: held by the British Columbia Housing and Employment Development Financing Authority	135,585,702			
	83,021,497		83,021,497	82,624,759
Notes	98,010,608		98,010,608	86,430,632
(13) Guarantees authorized pursuant to the *Farm Product Industry Act*, sec. 2	280,000		280,000	1,046,557
(14) Guarantees authorized pursuant to the *Ferry Corporation Act*, sec. 18[1]—				
Notes — funded	14,870,340	723,448	14,146,892	14,525,440
Notes — unfunded series	28,688,685		28,688,685	28,688,685
Capital leases	49,517,421		49,517,421	
(15) Indemnities authorized pursuant to the *Financial Administration Act*, sec. 56—				
W.L.C. Developments Ltd.	21,276,478		21,276,478	15,741,561
The Terry Fox Medical Research Foundation, *et al*	8,000,000		8,000,000	8,000,000
Canadian Commercial Bank	13,000,000		13,000,000	
Moli Energy Limited	15,000,000		15,000,000	
National Homes Limited	65,000		65,000	
(16) Guarantees authorized pursuant to the *Housing and Employment Development Financing Act*, secs. 5 and 6[1]—				
Bonds and debentures	149,437,338		149,437,338	179,684,411

Table 7.12

Government of British Columbia Public and Guaranteed Debt at March 31, 1986 (Unaudited) — *Continued*

Guaranteed Debt

Government of British Columbia Guaranteed Debt of Provincial Crown Corporations, Municipal and Other Local Governments and Private Sector — *Continued*

	1986			1985
	Gross Outstanding[2]	Sinking Funds [3]	Net Outstanding	Net Outstanding
	$	$	$	$
(17) Guarantees authorized pursuant to the *Ministry of Transportation and Highways Act,* sec. 66, *re:* British Columbia Steamship Company (1975) Ltd.[1]	5,668,701		5,668,701	4,937,621
(18) Greater Vancouver Sewerage and Drainage District debentures (some serials)	9,942,533	9,942,533		
Subtotal, economic development	794,846,928	22,626,635	772,220,293	701,579,072
Commercial —				
(19) Guarantees authorized pursuant to the *Hydro and Power Authority Act,* sec. 44[1]— Bonds and debentures—funded	9,420,696,555	1,035,442,846	8,385,253,709	8,564,842,450
(20) Guarantees authorized pursuant to the *Petroleum Corporation Act,* secs. 10 and 12[1]	30,000,000		30,000,000	30,009,349
(21) Guarantees authorized pursuant to the *British Columbia Place Act,* 1980, sec. 6[1]—	31,516,233	2,244,656	29,271,577	30,828,876
(22) Guarantees authorized pursuant to the *British Columbia Railway Finance Act,* sec. 10[1]—				
Bonds and debentures — funded	768,100,656	768,100,656		
Capital leases	25,957,170		25,957,170	26,322,983
1st preferred shares—BC Rail Ltd.	200,000,000		200,000,000	200,000,000
Subtotal, commercial	10,476,270,614	1,805,788,158	8,670,482,456	8,852,003,658
Grand total, all guaranteed debt	14,913,025,709	2,907,927,256	12,005,098,453	12,242,163,745
Less: Amounts included above held by General and Special Funds	76,500,995	42,359,357	34,141,638	34,805,569
Total Guaranteed Debt	**14,836,524,714**	**2,865,567,899**	**11,970,956,815**	**12,207,358,176**

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[1] Details of maturity dates, interest rates, and redemption features of the outstanding debt of these Crown agencies are published in the Public Accounts.

[2] Gross outstanding debt as at March 31, 1986 includes accrued interest of $486.3 million. Debt payable in United States currency is recorded in Canadian dollars at the rate of exchange prevailing at March 31, 1986.

[3] Sinking funds consist of cash and accrued interest. For the purpose of this schedule, sinking fund investments are generally reported at amortized cost.

Table 7.13

Long-Term Borrowing of Provincial Crown Corporations and Agencies During the Years Ended March 31, 1982, 1983, 1984, 1985 and 1986 From Provincial Trusteed Funds, the Canada Pension Plan Investment Fund and Public and Private Issues[1]

Provincial Crown Corporations	Fiscal year ended March 31				
	1982	1983	1984	1985	1986
			($ millions)		
British Columbia Hydro and Power Authority					
Private issues	—	—	—	54.8	50.0
Canada Pension Plan Investment Fund	—	—	—	88.0	37.7
Provincial trusteed funds	—	—	—	127.4	—
Public issues	1,335.0[2]	677.3[2]	830.1[2]	410.8	—
	1,335.0[2]	677.3[2]	830.1[2]	681.0	87.7
British Columbia Railway Company					
Public issues	—	—	—	25.0	25.0
Canada Pension Plan Investment Fund	—	—	—	—	24.5
Private issues	18.0[2]	6.8[2]	18.2	200.0[3]	—
	18.0[2]	6.8[2]	18.2	225.0	49.5
British Columbia School Districts Capital Financing Authority					
Canada Pension Plan Investment Fund	99.5	123.0	120.1	54.0	16.2
Provincial trusteed funds	—	25.0	11.0	—	—
Private issues	11.4[2]	0.6[2]	—	—	—
	110.9[2]	148.6[2]	131.1	54.0	16.2
British Columbia Educational Institutions Capital Financing Authority					
Public issues	—	—	—	5.2	7.0
Canada Pension Plan Investment Fund	104.1	82.6	76.8	16.3	5.5
Provincial trusteed funds	—	—	3.7	—	—
Private issues	6.0[2]	—	—	—	—
	110.1[2]	82.6	80.5	21.5	12.5
British Columbia Regional Hospital Districts Financing Authority					
Canada Pension Plan Investment Fund	128.1	105.7	95.4	52.4	14.0
Provincial trusteed funds	—	15.3	—	—	—
Private issues	—	12.0	—	—	—
	128.1	133.0	95.4	52.4	14.0
British Columbia Buildings Corporation					
Private issues	—	—	—	20.0	25.0
Canada Pension Plan Investment Fund	20.0	49.6	18.1	—	—
Provincial trusteed funds	—	109.9	—	—	—
Public issues	40.0[2]	100.0	—	55.0	—
	60.0[2]	259.5	18.1	75.0	25.0
British Columbia Systems Corporation					
Canada Pension Plan Investment Fund	26.5	—	—	—	—
Private issues	13.7[2]	21.6[2]	—	—	—
	40.2[2]	21.6[2]	—	—	—
British Columbia Development Corporation					
Private issues	59.9[2]	—[4]	—	—	10.0
	59.9[2]	—[4]	—	—	10.0

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[1] Includes both fiscal agency borrowing and borrowing undertaken with a provincial government guarantee. Does not include changes in short-term debt outstanding. During 1984/85, Crown corporation and agency short-term debt outstanding decreased by $30.2 million. During 1985/86, Crown corporation and agency short-term debt outstanding increased by $293.9 million.

[2] Includes foreign borrowings converted to Canadian dollars.

[3] $200 million preferred share issue.

[4] To avoid double counting, excludes $6 million borrowed by BCDC from British Columbia Housing and Employment Development Financing Authority

Table 7.13

Long-Term Borrowing of Provincial Crown Corporations and Agencies During the Years Ended March 31, 1982, 1983, 1984, 1985 and 1986 From Provincial Trusteed Funds, the Canada Pension Plan Investment Fund and Public and Private Issues[1]—*Continued*

Provincial Crown Corporations	Fiscal year ended March 31				
	1982	1983	1984	1985	1986
			($ millions)		
British Columbia Ferry Corporation					
Canada Pension Plan Investment Fund	—	—	14.8	—	—
Private issues	19.9	—	—	—	43.2
	19.9	—	14.8	—	43.2
British Columbia Petroleum Corporation					
Private issues	—	30.0	—	—	—
	—	30.0	—	—	—
British Columbia Place Ltd.					
Public issues	—	—	10.0	35.0	—
Provincial trusteed funds	—	—	30.0	—	—
	—	—	40.0	35.0	—
British Columbia Transit					
Canada Pension Plan Investment Fund	—	17.3	138.7	144.2	87.4
Private issues	—	26.1	36.7	26.2	92.8
	—	43.4	175.4	170.4	180.2
British Columbia Housing and Employment Development Financing Authority					
Provincial trusteed funds	—	6.0	—	—	—
Public issues	—	—	175.5	—	—
	—	6.0	175.5	—	—
W.L.C. Developments Ltd.					
Private issues	—	—	7.8	6.7	4.0
	—	—	7.8	6.7	4.0
University of British Columbia					
Public issues	—	—	—	—	5.0
	—	—	—	—	5.0
Improvement Districts					
Provincial trusteed funds	—	—	—	—	1.3
	—	—	—	—	1.3
Totals					
Canada Pension Plan Investment Fund	378.2	378.2	463.9	354.9	185.3
Provincial trusteed funds	—	156.2	44.7	127.4	1.3
Public and private issues	1,503.9[2]	874.4[2]	1,078.3[2]	838.7	262.0
	1,882.1[2]	1,408.8[2]	1,586.9[2]	1,321.0	448.6

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[1] Includes both fiscal agency borrowing and borrowing undertaken with a provincial government guarantee. Does not include changes in short-term debt outstanding. During 1984/85, Crown corporation and agency short-term debt outstanding decreased by $30.2 million. During 1985/86, Crown corporation and agency short-term debt outstanding increased by $293.9 million.

[2] Includes foreign borrowings converted to Canadian dollars.

[3] $200 million preferred share issue.

[4] To avoid double counting, excludes $6 million borrowed by BCDC from British Columbia Housing and Employment Development Financing Authority.

Table 7.14

Government and Crown Corporation Net Debt Summary for Years Ending March 31, 1982, 1983, 1984, 1985 and 1986[1]

	1982	1983	1984	1985	1986
			($ millions)		
Government Purpose	183.1	883.1	1,596.1	2,475.9	3,199.0
Crown Corporation Net Debt					
Commercial:					
British Columbia Hydro and Power Authority	7,154.7	7,661.4	8,335.8	8,918.2	8,825.5
British Columbia Petroleum Corporation	—	30.0	30.0	30.0	30.0
British Columbia Place	72.8	—	65.3	107.9	140.2
British Columbia Railway Company[2]	—	—	—	367.0	319.2
	7,227.5	7,691.4	8,431.1	9,423.1	9,315.0
Economic Development:					
British Columbia Cellulose Company	17.5	13.1	9.1	4.8	—
British Columbia Development Corporation	111.0	142.9	143.7	169.1	191.0
British Columbia Ferry Corporation	28.7	59.0	43.6	43.2	92.4
British Columbia Housing and Employment Development Financing Authority	—	8.2	189.3	179.7	149.4
British Columbia Railway Company[2]	757.0	876.7	1,016.4	—	—
British Columbia Steamship Company (1975) Ltd.	3.4	3.9	4.8	4.9	5.7
British Columbia Transit	55.0	84.1	326.7	648.0	942.0
Expo 86 Corporation	—	—	43.9	206.4	286.8
W.L.C. Developments Ltd.	—	—	9.2	15.7	23.8
Other[3]	10.7	14.6	13.9	12.1	40.5
	983.3	1,202.5	1,800.6	1,283.9	1,731.6
Social and Government Services:					
British Columbia Assessment Authority	—	—	3.6	3.3	3.6
British Columbia Buildings Corporation	290.3	563.3	631.7	616.8	606.3
British Columbia Educational Institutions Capital Financing Authority	231.6	310.6	385.3	395.3	393.3
British Columbia Hospital Districts Financing Authority	580.9	686.8	741.8	748.5	712.3
British Columbia School Districts Capital Financing Authority	879.3	1,022.0	996.6	976.8	912.5
British Columbia Systems Corporation	29.9	54.5	51.6	52.0	53.5
School Districts, Colleges and Universities[4]	—	—	—	23.1	63.9
Other[5]	35.5	32.2	25.0	28.9	37.1
	2,047.5	2,669.4	2,835.6	2,844.8	2,782.5
Less Amounts Held as Investments by General and Special Funds	314.9	136.4	74.4	34.8	34.1
Total Guaranteed and Direct Debt	**10,126.5**	**12,310.0**	**14,589.0**	**15,992.9**	**16,994.0**

[1] Net debt is after deduction of sinking funds.

[2] Prior to 1984/85 debt outstanding for British Columbia Railway Company was considered to be economic development debt; for 1984/85 and later, this debt was considered to be commercial debt.

[3] Includes *Agricultural Credit Act, Farm Product Industry Act*, Terry Fox Medical Research Foundation, *Harbour Board Act*, Greater Vancouver Sewage and Drainage District.

[4] Includes University of British Columbia, Simon Fraser University and short-term interim capital construction financing obtained under the Certificate of Approval Program.

[5] Includes *Municipal Assistance Act, Municipal Act*, Student Aid Loans, Riverview Hospital Volunteer Association.

Table 7.15

Historical Government and Crown Corporation Net Debt Summary for Years Ending March 31[1]

Year	Commercial	Economic Development	Social and Government Services	Government Purpose	Less: Amounts Held as Investments By General and Special Funds	Total Net Debt	Net Debt as a Per Cent of GDP
			($ millions)				
1966	1,002.3	154.4	276.8	—	—	1,433.5	25.0
1967	1,238.3	165.6	332.5	—	—	1,736.4	27.1
1968	1,437.3	166.7	382.5	—	—	1,986.5	28.3
1969	1,522.4	166.8	417.8	—	—	2,107.0	27.4
1970	1,661.3	156.2	465.7	—	—	2,283.2	26.0
1971	1,807.5	185.9	511.6	—	—	2,505.0	27.5
1972	1,948.1	245.3	547.1	—	—	2,746.5	26.7
1973	2,061.8	298.4	590.0	—	—	2,950.2	25.0
1974	2,227.7	411.4	616.1	—	—	3,255.2	22.2
1975	2,649.9	462.2	690.4	—	—	3,802.5	22.0
1976	3,144.3	619.6	804.5	—	—	4,568.4	24.0
1977	3,787.4	725.6	971.3	261.4	—	5,745.7	25.4
1978	4,464.0	736.8	1,091.7	261.4	—	6,553.9	25.9
1979	4,437.6	723.7	1,249.9	261.4	165.5	6,907.1	24.4
1980	5,704.3	838.1	1,480.2	235.3	205.2	8,052.7	24.5
1981	5,911.2	883.1	1,654.0	209.2	161.0	8,496.5	22.7
1982	7,227.5	983.3	2,047.5	183.1	314.9	10,126.5	23.4
1983	7,691.4	1,202.5	2,669.4	883.1	136.4	12,310.0	27.7
1984[2]	8,431.1	1,800.6	2,835.6	1,596.1	74.4	14,589.0	30.9
1985[2]	9,423.1	1,283.9	2,844.8	2,475.9	34.8	15,992.9	32.0
1986[2]	9,315.0	1,731.6	2,782.5	3,199.0	34.1	16,994.0	32.0

[1] Net debt is after deduction of sinking funds.

[2] Prior to 1985 debt outstanding for British Columbia Railway Company was considered to be economic development debt; for 1985 and later, this debt is considered to be commercial debt.

APPENDIX 8

LIEUTENANT GOVERNOR, EXECUTIVE COUNCIL AND MEMBERS OF THE THIRTY-THIRD LEGISLATIVE ASSEMBLY

LIEUTENANT GOVERNOR

The Honourable Robert Gordon Rogers, K. St. J., LL.D.

EXECUTIVE COUNCIL

Premier and President of the Executive Council	Honourable William N. Vander Zalm
Minister of Finance	Honourable William N. Vander Zalm
Deputy Premier and Minister of Economic Development	Honourable Grace M. McCarthy
Provincial Secretary and Minister of Government Services	Honourable Hugh A. Curtis
Attorney General	Honourable Brian R. D. Smith, Q.C.
Minister of Agriculture and Fisheries	Honourable James J. Hewitt
Minister of Consumer and Corporate Affairs	Honourable Elwood N. Veitch
Minister of Education	Honourable Anthony J. Brummet
Minister of Energy, Mines and Petroleum Resources	Honourable John Davis, P.C.
Minister of Environment and Parks	Honourable F. C. Austin Pelton
Minister of Forests and Lands	Honourable Jack J. Kempf
Minister of Health	Honourable James A. Nielsen
Minister of Social Services and Housing	Honourable Claude H. Richmond
Minister of Intergovernmental Relations	Honourable Garde B. Gardom, Q.C.
Minister of International Trade, Science and Investment	Honourable Patrick L. McGeer
Minister of Labour	Honourable Terence P. Segarty
Minister of Municipal Affairs and Transit	Honourable Rita M. Johnston
Minister of Post-Secondary Education	Honourable Russell G. Fraser
Minister of Tourism	Honourable William E. Reid
Minister of Transportation and Highways	Honourable Alexander V. Fraser

THIRTY-THIRD LEGISLATIVE ASSEMBLY
(At August 1986)

Premier: Honourable William N. Vander Zalm

Speaker: Honourable K. Walter Davidson

Leader of the Opposition: Robert Evans Skelly

Deputy Speaker: W. Bruce Strachan

Clerk of the Legislative Assembly: Ian M. Horne, Q.C.

Sergeant-at-Arms: R. Nichol

Barnes, Emery Oakland	New Democrat	Vancouver Centre
Bennett, William Richards, P.C.	Social Credit	Okanagan South
Blencoe, Robin	New Democrat	Victoria
Brown, Ms. Rosemary	New Democrat	Burnaby-Edmonds
Brummet, Hon. Anthony J.	Social Credit	North Peace River
Chabot, James Roland	Social Credit	Columbia River
Cocke, Dennis G.	New Democrat	New Westminster
Curtis, Hon. Hugh Austin	Social Credit	Saanich and the Islands
Dailly, Mrs. Eileen Elizabeth	New Democrat	Burnaby North
D'Arcy, Christopher	New Democrat	Rossland-Trail
Davidson, Hon. K. Walter	Social Credit	Delta
Davis, Hon. John, P.C.	Social Credit	North Vancouver-Seymour
Fraser, Hon. Alexander Vaughan	Social Credit	Cariboo
Fraser, Hon. Russell G.	Social Credit	Vancouver South
Gabelmann, Colin Stuart	New Democrat	North Island
Gardom, Hon. Garde Basil, Q.C.	Social Credit	Vancouver-Point Grey
Hanson, Gordon W.	New Democrat	Victoria
Heinrich, John Herbert	Social Credit	Prince George North

Hewitt, Hon. James J.	Social Credit	Boundary-Similkameen
Howard, Frank	New Democrat	Skeena
Johnston, Hon. Rita M.	Social Credit	Surrey
Kempf, Hon. Jack Joseph	Social Credit	Omineca
Lauk, Gary Vernon	New Democrat	Vancouver Centre
Lea, Graham Richard	Progressive Conservative	Prince Rupert
Lockstead, Donald Frederick	New Democrat	Mackenzie
Macdonald, Alexander Barrett, Q.C.	New Democrat	Vancouver East
MacWilliam, Lyle	New Democrat	Okanagan North
McCarthy, Hon. Grace Mary	Social Credit	Vancouver-Little Mountain
McClelland, Robert H.	Social Credit	Langley
McGeer, Hon. Patrick Lucey	Social Credit	Vancouver-Point Grey
Michael, Clifford C.	Social Credit	Shuswap-Revelstoke
Mitchell, Frank John	New Democrat	Esquimalt-Port Renfrew
Mowat, Douglas L., C.M.	Social Credit	Vancouver-Little Mountain
Nicolson, Lorne	New Democrat	Nelson-Creston
Nielsen, Hon. James Arthur	Social Credit	Richmond
Parks, John M.	Social Credit	Maillardville-Coquitlam
Passarell, Alan Lawrence	New Democrat	Atlin
Pelton, Hon. F. C. Austin	Social Credit	Dewdney
Ree, Angus	Social Credit	N. Vancouver-Capilano
Reid, Hon. William E.	Social Credit	Surrey
Reynolds, John	Social Credit	W. Vancouver-Howe Sound
Richmond, Hon. Claude Harry	Social Credit	Kamloops
Ritchie, William S.	Social Credit	Central Fraser Valley
Rogers, C. Stephen	Social Credit	Vancouver South
Rose, Mark W.	New Democrat	Coquitlam-Moody
Sanford, Ms. Karen E.	New Democrat	Comox
Schroeder, Harvey W.	Social Credit	Chilliwack
Segarty, Hon. Terence P.	Social Credit	Kootenay
Skelly, Robert Evans	New Democrat	Alberni
Smith, Hon. Brian R. D., Q.C.	Social Credit	Oak Bay-Gordon Head
Strachan, William Bruce	Social Credit	Prince George South
Stupich, David Daniel	New Democrat	Nanaimo
Veitch, Hon. Elwood	Social Credit	Burnaby-Willingdon
Wallace, Mrs. Barbara B.	New Democrat	Cowichan-Malahat
Williams, Robert A.	New Democrat	Vancouver East
Vacant		South Peace River
Vacant		Yale-Lillooet

APPENDIX 9

THE MINISTRY OF FINANCE
(At August 1986)

Premier and Minister of Finance: The Honourable William N. Vander Zalm

Deputy Minister: Philip G. Halkett (Acting)

Executive Director, Executive Operations: R. A. Messent
Information Services: D. George

Administration and Support Services Division
Assistant Deputy Minister: L. Munro

Directors:
- W. H. Bell (Personnel Services)
- A. Carr (General Manager Information Systems) (Acting)
- A. van Iersel (Financial Services and Administration)
- W. Mitchell (Government Agents Branch)

The Administration and Support Services Division provides financial, administrative, technical, personnel and computer services to the Ministry of Finance. The Division is also responsible for providing general government services, revenue collection and disbursements, and program information to the public through 61 Government Agent offices located throughout the province.

Provincial Treasury
Assistant Deputy Minister: M. Costello

Directors:
- J. A. Guthrie (Central Borrowing and Planning)
- D. G. Pearce (Cash Management)
- R. W. Vipond (Investments and Administration)

The Provincial Treasury is responsible for managing the financial assets and liabilities of the government. The Treasury assists the Minister of Finance by negotiating and completing capital financing transactions to meet the funding requirements of the government and its corporations amounting to $1.5 billion in 1986/87. The Treasury manages assets valued at $12.7 billion; forecasts, monitors and controls the annual cash flow of the Consolidated Revenue Fund and trusteed funds totalling $70 billion; and manages 2,200 government bank accounts.

Revenue Division
Assistant Deputy Minister: R. D. Krowchuk (Acting)

Directors:
- A. B. Carver (Income Taxation)
- W. W. Moncur (Revenue Administration)
- D. J. Sandell (Surveyor of Taxes, Real Property Taxation)
- E. J. Turner (Executive Director, Consumer Taxation)

The Revenue Division is responsible for the legislative interpretation and administration of 12 taxation statutes which are the responsibility of the Minister of Finance, and for the collection of annual tax revenues of over $3 billion. Included are statutes covering the taxation of goods sold to consumers, property taxation in rural areas of the province, and provincial income and capital based taxes. The division also has the responsibility of ensuring compliance under the *Income Tax Act* which is administered by the Department of National Revenue. Through vendor education, taxpayer audit and assessment, accounts receivable control and appropriate collections activities, revenue is maximized and taxpayer compliance is ensured.

Treasury Board Staff
Deputy Secretary: D. M. Hyndman

Directors:
- G. R. Armstrong (Taxation and Intergovernmental Relations)
- A. Eastwood (Financial and Economic Analysis)
- L. T. Foster (Social Policy) and (Economic Development Policy)
- F. J. Klassen (Government Estimates and Administrative Policy)

Treasury Board Staff is responsible for planning, analysis and policy development with respect to economic, financial and management matters affecting the government and the province. Advice and support is provided to the government in forecasting and strategic planning and in acquisition, allocation and management of resources for the purpose of meeting government priorities.

Office of the Comptroller General
Comptroller General: D. B. Marson
Deputy Comptroller General: A. J. Barnard

Directors:
- B. T. Vining (Reporting and Analysis) (Acting)
- R. C. Corbeil (Financial Management)
- F. G. Hepburn (Internal Audit)
- A. R. Horner (Financial Disbursement Operations)
- M. A. Petrie (Central Accounting)
- A. C. Pickering (Government Payroll Office)

The Office of the Comptroller General establishes the accounting principles, policies and practices governing the accounts of the province, establishes the financial management control and reporting systems in use throughout government, and advises the Treasury Board on all matters pertaining to government financial management policies and practices. The office maintains the central accounting, reporting and payment systems for the government and prepares the annual Public Accounts and related reports. In addition, the office advises and assists ministries in establishing and improving their accounting and control systems, provides an internal audit function for the independent review of the effectiveness and efficiency of financial control systems, oversees corrective measures undertaken to correct weaknesses identified in audit reports, and develops and administers training programs in government financial management administration for all levels of management.

Purchasing Commission
Chairman: D. M. Hyndman
Chief Executive Officer: C. S. Hutchings

Directors:
- M. Churchill (Materiel Administration)
- F. Leonard (Procurement)
- W. C. Bedford (Office of Public Purchasing Policy and Management Services)

The Purchasing Commission comprises a chairman and up to six members appointed by the Lieutenant Governor in Council. The Commission ensures equitable public access to its processes for the acquisition of government supplies and selected services. It assists government to gain maximum fiscal benefit from procurement expenditures, Crown assets disposal, and use of resources through efficient materiel management. Through the Public Sector Purchasing Policy the Commission uses public sector procurement of goods and services for the benefit of the provincial economy, where possible, without incurring higher costs. The Commission works with government ministries and other public bodies to help meet their operational needs through sound materiel management practices including procurement planning, standards and specifications.

Provincial Capital Commission
Chairman: K. A. S. Hill

Manager:
- L. R. Beres

The Provincial Capital Commission funds and coordinates construction and development work for improvement and beautification projects in the Capital Improvement District, usually in cooperation with local municipalities. It also manages a portfolio of "special interest" properties entrusted to it by the province. The commission has a 14-member board which includes 6 seats for the four Greater Victoria core municipalities.

APPENDIX 10

GOVERNMENT AGENTS (At August 1986)

Location	Telephone	Government Agent	Location	Telephone	Government Agent
Ashcroft	453-2412	E. J. Johnstone	Merritt	378-9343	L. P. Lean
Atlin	651-7577	P. Welock	Nakusp	265-3646	J. Young
Bella Coola	799-5361	J. Foster	Nanaimo	755-2200	B. W. Hansen
Burns Lake	692-7117	J. Mufford	Nelson	354-6104	P. Lee
Campbell River	286-7555	B. Ketcham	New Westminster	660-8666	G. S. Townsend
Cassiar	778-7507	G. Swift	Oliver	498-3818	D. R. Blatchford
Chetwynd	788-2239	M. Buckna	100 Mile House	395-5500	J. Dunsmuir
Chilliwack	795-8415	R. Carmichael	Penticton	492-1211	B. Hibbons
Clinton	459-2268	F. Westergaard	Port Alberni	724-9200	G. Mundell
Courtenay	334-1100	T.B.A.	Port Hardy	949-6323	B. Newman
Cranbrook	426-1211	W. Anderson	Powell River	485-2815	A. M. LaPointe
Creston	428-3211	W. Forrester	Prince George	565-6060	W. C. Christie
Dawson Creek	784-2224	S. Minifie	Prince Rupert	627-0415	L. Finnigan
Duncan	746-6183	A. Milton	Princeton	295-6957	C. Heroux
Fernie	423-6845	C. Holmes	Queen Charlotte City	559-4452	J. McIlveen
Fort Nelson	774-6945	C. Hall	Quesnel	992-4301	R. Campbell
Fort St. James	996-7585	S. Lane	Revelstoke	837-7636	J. Torrance
Fort St. John	787-3350	J. Frey	Rossland	362-7324	A. Sherwood
Fraser Lake	699-6296	T.B.A.	Salmon Arm	832-1611	D. Koskimaki
Ganges	537-5414	B. Campbell	Sechelt	885-5187	J. Hay
Golden	344-5221	J. Olson	Smithers	847-7211	D. McMillan
Grand Forks	442-5444	S. Matsuo	Sparwood	425-6363	S. Arola
Houston	845-2990	C. Berry	Squamish	898-9621	T.B.A.
Invermere	342-6617	B. Mackenzie	Stewart	636-2294	G. Swan
Kamloops	828-4540	W. Poohachoff	Terrace	638-3200	R. Trombley
Kaslo	353-2219	J. James	Ucluelet	726-7025	J. Stanhope
Kelowna	861-7440	W. Tozer	Valemount	566-4448	J. Mackenzie
Kitimat	632-6188	L. Deacon-Rogers	Vanderhoof	567-9238	T.B.A.
Lillooet	256-7548	B. Hall	Vernon	549-5511	N. Schulz
Mackenzie	997-4270	L. Ehrman	Williams Lake	398-4211	J. Hoem
Maple Ridge	467-6901	K. Kelly			

APPENDIX 11

MUNICIPAL POPULATION, 1981 CENSUS

Cities

Armstrong	2,683
Castlegar	6,902
Colwood	11,415[1]
Courtenay	9,019[1]
Cranbrook	15,915[1]
Dawson Creek	11,373[1]
Duncan	4,228
Enderby	1,816
Fernie	5,444[1]
Fort St. John	13,891[1]
Grand Forks	3,486
Greenwood	856
Kamloops	64,048
Kelowna	59,196
Kimberley	7,375
Langley	15,124
Merritt	6,110
Nanaimo	47,069
Nelson	9,143
New Westminster	38,550
North Vancouver	33,952
Penticton	23,186[1]
Port Alberni	19,894[1]
Port Coquitlam	27,535
Port Moody	14,917
Prince George	67,559
Prince Rupert	16,197
Quesnel	8,240
Revelstoke	9,082[1]
Rossland	3,967
Trail	9,599
Vancouver	414,281
Vernon	20,031[1]
Victoria	64,379
White Rock	13,550
Williams Lake	10,338[1]
	1,090,350

Districts

Abbotsford	12,745
Burnaby	136,494
Campbell River	16,022[1]
Central Saanich	9,890
Chetwynd	2,553[2]
Chilliwack	40,379
Coldstream	6,450[1]
Coquitlam	61,077
Delta	74,692
Elkford	3,126[1]
Esquimalt	15,870
Houston	3,921
Hudson's Hope	1,365
Invermere	1,969[2]
Kent	3,394
Kitimat	12,814
Langley	44,617
Logan Lake	2,637[2]
Mackenzie	5,890
Maple Ridge	32,232
Matsqui	42,001
Metchosin	3,481[1]
Mission	20,056
New Hazelton	712
North Cowichan	18,210
North Saanich	6,117
North Vancouver	65,367
Oak Bay	16,994
Peachland	2,865
Pitt Meadows	6,209
Port Hardy	5,124[1]
Powell River	13,423
Richmond	96,154
Saanich	78,710
Salmon Arm	10,780
Spallumcheen	4,213
Sparwood	4,660[1]
Squamish	10,272
Stewart	1,456
Summerland	7,475
Surrey	147,138
Terrace	10,914
Tofino	1,006[2]
Tumbler Ridge	3,289
Vanderhoof	3,906[1]
West Vancouver	35,728
Whistler	1,370[1]
	1,105,767

Towns

Comox	6,607[1]
Creston	4,190
Gibsons	2,604[1]
Golden	3,476
Hope	3,205
Ladysmith	4,558
Osoyoos	2,747[2]
Parksville	5,299[1]
Port McNeill	2,474
Princeton	3,051
Qualicum Beach	2,844[2]
Sidney	7,946
Smithers	4,570
	53,571

Villages

Alert Bay	626
Ashcroft	2,156[1]
Belcarra	430
Burns Lake	1,777
Cache Creek	1,308
Chase	1,777
Clinton	808
Cumberland	1,964[1]
Fort Nelson	3,724
Fort St. James	2,284
Fraser Lake	1,543[1]
Fruitvale	1,904
Gold River	2,225
Granisle	1,430
Harrison Hot Springs	569
Hazelton	393
Kaslo	854
Keremeos	830
Lake Cowichan	2,443[1]
Lillooet	1,725
Lions Bay	1,078
Lumby	1,266[1]
Lytton	428
McBride	641
Masset	1,569
Midway	633
Montrose	1,229
Nakusp	1,495
New Denver	642
Oliver	1,914[1]
100 Mile House	1,925
Pemberton	287[1]
Port Alice	1,668
Port Clements	382[1]
Port Edward	989
Pouce Coupe	821[1]
Salmo	1,169
Sayward	482
Sechelt	1,096
Silverton	280
Slocan	351
Tahsis	1,739
Taylor	966
Telkwa	840
Ucluelet	1,593
Valemount	1,130
Warfield	1,969
Zeballos	329
	59,681

Summary

Cities	1,090,350
Districts	1,105,767
Towns	53,571
Villages	59,681
	2,309,369

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[1] Minister of Municipal Affairs certification for new incorporation or boundary change subsequent to 1981 census.

[2] Status (category) change without boundary change.